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Bush's Negotiators Take One Last Stab at A World Trade Accord

By Tom Redburn
International Herald Tribune

PARIS — Senior U.S. and EC trade negotiators, moving unexpectedly to try to break a stalemate before President George Bush leaves office in a few days, began talks Friday in Geneva aimed at resolving the key trans-Atlantic disputes that have long blocked progress on completing a global trade agreement.

U.S. officials conceded that an overall settlement of the six-year-old Uruguay Round of talks organized under the General Agreement on Tariffs and Trade remains out of their reach. But they said Carla A. Hills, the top American trade negotiator, wanted very much to achieve an 11th-hour success after four years of frustrating failure.

If a broad U.S.-European Community deal — focused on slashing tariffs and other complex areas of the negotiations — could be struck by next week, it would add pressure on Bill Clinton to wrap up the talks quickly in an effort to beat the March 2 deadline when negotiating authority from Congress runs out. Mr. Clinton assumes the presidency on Jan. 20.

For Mr. Clinton, who met Friday with President Carlos Salinas de Gortari of Mexico to discuss the proposed North American Free Trade Agreement, a rush to wrap up the highly detailed GATT negotiations would severely tax his inexperienced team of trade and economic advisers. By forcing both the North American agreement and GATT onto Mr. Clinton's agenda early, President Bush would also be highlighting one of the most deeply divisive political issues within the Democratic Party — that of free trade vs. protection for U.S. industry.

For Brussels, a trans-Atlantic deal would be designed to demonstrate to the French government that a far-reaching settlement would provide many advantages to European exporters in the world trade. That might encourage Paris eventually to look for ways of backing away from its politically charged threat that it might try to veto farm subsidy limits already accepted by Community officials in December.

Hopes for success in the Uruguay Round were revived by the U.S.-EC farm agreement in November, but the GATT talks quickly became paralyzed again as bargainers turned their attention to other issues that raised a host of domestic political difficulties. Vocal complaints from Paris that the proposed farm subsidy limits threatened French farmers just as the campaign began for the March parliamentary election also seemed to poison the atmosphere.

See GATT, Page 11

AWAY FROM THE BRINK Saddam Pulls Back His Missiles

Compiled by Our Staff From Dispatches

WASHINGTON — Iraq has "broken down" and moved the anti-aircraft missiles that were threatening allied warplanes near the no-flight zone in southern Iraq, a senior Pentagon official said Friday.

"They have been broken down," the official said of the surface-to-air missiles. "They are no longer up and in a position to shoot."

He cautioned that the information did not mean that the crisis was over, because it was not yet clear where the missiles were being taken.

"It's hard to track them while they are being moved," he said, adding that difficult weather conditions were hampering efforts to detect the Iraqi movements.

In a second move that appeared to ease the crisis between Washington and Baghdad, the Iraqi jets that had darted in and out of the zone have been removed from the Al Jarrah air base near the 32d parallel, said the official, who spoke on condition of anonymity.

Baghdad, however, had remained defiant as the deadline approached Friday night, saying it was prepared to "respond in kind" rather than bow to the ultimatum.

The United States acted throughout the day to determine from intelligence information whether Iraq, despite its public defiance, was bowing to the ultimatum that it remove anti-aircraft missiles threatening allied aircraft in southern Iraq.

The White House press secretary, Marlin Fitzwater, had said earlier that while the allies detected no violations of the no-flight zone by Iraqi aircraft since the Wednesday ultimatum, "the disposition of surface-to-air missiles specified in the January 6 warning is less clear."

General Colin Powell, chairman of the Joint Chiefs of Staff, said Iraqi planes had not penetrated the prohibited air space south of the 32d parallel since the United States and its allies delivered their warning.

"We are pleased about that," he said.

President George Bush conferred with General Powell and other national security officials during the afternoon Friday, then left to spend the weekend at the Camp David retreat in Maryland.

As the last minutes ticked away before the 2330 GMT deadline, U.S. officials had declined to say how quickly they might act militarily if their demands were not met.

"I would not look for some minute-by-minute countdown anyway," Mr. Fitzwater said earlier.

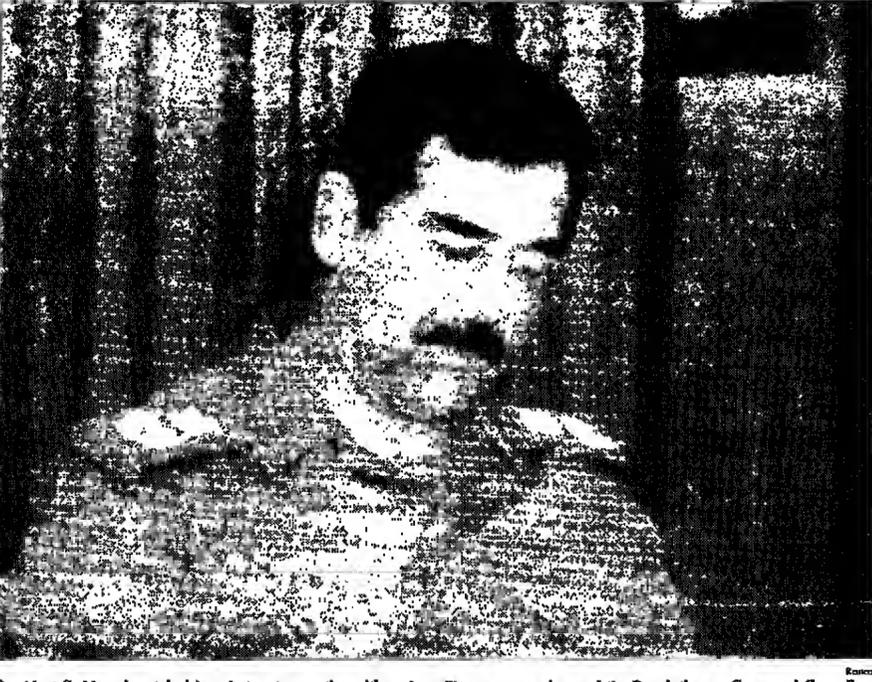
Stormy weather to the Middle East frustrated U.S. efforts to check the location of the Iraqi missiles. Before the deadline expired, a U.S. intelligence official had said it was still unclear where the missiles were and whether they had been moved from the no-flight zone, as demanded by the allies.

The last time the allies and Iraq were this close to war, the U.S. led coalition launched an air war against the Iraqi military less than 17 hours after the expiration of the United Nations deadline for withdrawal from Kuwait.

General Powell said the United States had detected "a great deal of activity" in movement of both missiles and aircraft north of the air exclusion zone.

"It's too early to say where all those missiles are going, where

See ALLIES, Page 4



President Saddam, in a television photo, at a meeting with senior military commanders and the Revolutionary Command Council.

Still Defiant, Iraqis Vow Response to U.S. Pressure

Compiled by Our Staff From Dispatches

BAGHDAD — Remaining publicly defiant as a Western deadline passed for the withdrawal of anti-aircraft missiles from southern Iraq, Baghdad said Friday that it was prepared to "respond in kind" rather than bow to the ultimatum to remove the weapons threatening allied warplanes.

Although the Pentagon said that the missiles were no longer in a threatening mode, signs of President Saddam Hussein's defiance increased throughout Friday, with Baghdad saying that United Nations weapons inspection personnel would no longer be permitted to use UN planes to Iraq.

"Iraq will not heed the West's ultimatum and will uphold its right to keep its air defense bases where they are," Deputy Prime Minister Tariq Aziz said in an emergency cabinet session earlier Friday.

"Should these bases be attacked, Iraq will certainly respond in kind to the aggression," the official Iraqi press agency, INA, quoted Mr. Aziz as saying.

Baghdad's stance raised the possibility that U.S.-led forces might take major military action against Iraq for the first time since the 1991 Gulf War, which ended Iraq's occupation of Kuwait.

Iraq's 250-member National Assembly unanimously approved the cabinet's decision to defy the allies' demand, INA reported. The assembly generally acts as a rubber stamp for government policies.

The ultimatum — which was made Wednesday by the United States, Britain, France and Russia — gave Iraq 48 hours to remove surface-to-air missiles from inside and near an air exclusion zone declared by the U.S.-led allies in August. The deadline was 2330 GMT Friday.

Plane and helicopter flights by the Iraqi military are prohibited to the zone, which was established south of the 32d parallel to protect Iraq's Shiite Muslims.

U.S. military officials said Friday that Iraq had moved both missiles and aircraft near the zone. But bad weather to the region made it difficult for U.S. intelligence agencies to determine the exact status of the missile batteries.

President George Bush met with his national security aides, but U.S. officials refused to say how quickly they might act militarily if their demands were not met.

As the deadline approached, Iraq banned all flights by UN weapons inspectors on UN aircraft within Iraq, according to an announcement at the United Nations in New York.

Tim Trevan, spokesman of the UN special commission in charge of scrapping Iraq's weapons of mass destruction in the aftermath of the Gulf War, said: "The implication is that we are no longer allowed to use our own aircraft to fly into Iraq, and that if we wish to use aircraft, we must use Iraqi chartered aircraft and not UN aircraft."

Mr. Trevan said the reason given by Iraq for the ban was that, "basically, if they are not allowed to use their own aircraft, we are not allowed to use ours."

"It is a very serious violation of our basic privileges and immunities," Mr. Trevan said. "It would seriously hinder the way we would be able to operate in Iraq."

The order is effective immediately, he said.

In Baghdad, the government newspaper Al Thawra called the ultimatum "a cheeky and hysterical threat."

"Iraq stresses its outright rejection of this

See SADDAM, Page 4

EC Study Puts Bosnia Rapes at 20,000

By William Drozdiak
Washington Post Service

PARIS — A European Community team of investigators has concluded that Serbian forces have raped up to 20,000 Muslim women and girls in Bosnia as part of a systematic policy of terror designed to intimidate, demoralize and drive them from their homes.

The rape inquiry, the first official effort to collect evidence for a possible war crimes tribunal, was led by a former British diplomat, Dame Anne Warburton, and a former French health minister, Simone Veil, who is a leading member of the EC Parliament. They were accompanied by lawyers, forensic psychiatrists and experts in rape counseling.

The group was assigned by the EC's 12 government leaders to verify accounts of sexual assaults taking place in Bosnia-Herzegovina. The leaders had issued a harsh condemnation of these "acts of unspeakable brutality" at their meeting in Edinburgh last month.

[Bosnia's deputy prime minister for economics, Hakija Turajlic, was shot and killed by Serbs on Friday while riding in a UN convoy from Sarajevo airport to the city center. Reuters reported. Sanella Mujadzic, a secretary at the Bosnian UN mission in New York, said the UN

convoy in which Mr. Turajlic was riding was stopped by two Serbian tanks, and he was taken from his vehicle and shot.

[Bosnian Serbs denied Friday that they were responsible. The Bosnian Serb deputy foreign minister, Todor Dubina, said, "This is just another ploy by the Muslims to provoke military intervention and disrupt the Geneva conference." The Geneva talks between the warring communities are scheduled to resume Sunday. General Philippe Morillon, commander of the UN Peacekeeping Force in Bosnia-Herzegovina, said the Serbs were responsible for the killing.

The rape findings by the EC investigators were based on interviews over five days in late December with Muslim refugees and international aid organizations in Croatia, the former Yugoslav state that borders Bosnia-Herzegovina, and in Geneva. The team did not travel to Bosnia but intends to, possibly next week.

The investigators collected other accounts by witnesses, first gathered by the Red Cross and other humanitarian aid groups on the scene, as evidence for a possible war crimes trial.

In their report, the investigators said they had found that rape was occurring on a mass scale, not as random attacks but as part of a deliberate policy of building a "greater" Serbia through "ethnic

See RAPE, Page 4

Ex-Banker for Bonn Economy Minister

By Marc Fisher
Washington Post Service

BERLIN — With Western Germany sinking deeper into recession while the ex-Communist East's economy fails to respond to state restructurings, Germany gave a former Citibank executive on Friday the task of jump-starting Europe's most influential economy.

The Free Democrats, the junior partner in Chancellor Helmut Kohl's governing coalition, picked Günter Rexrodt as economic minister to replace Jürgen Möllemann, who quit Sunday after acknowledging his role in an influence-peddling scandal. Mr. Kohl will approve Mr. Rexrodt's selection formally next week, chancellery officials said.

Mr. Rexrodt, 51, a board member of the Treuhändersanstalt, the agency charged with privatizing the state enterprises of the former East Germany, is a longtime Free Democratic Party insider who ran Citibank's German operations before joining the Treuhänder in 1991. He grew up in East Germany, moving west only a year before the construction of the Berlin Wall in 1961.

By choosing Mr. Rexrodt, the Free Democrats, the small party that traditionally plays kingmaker in German coalitions, rejected calls for the selection of a nonpolitician, a prominent business leader who might renew public confidence in the increasingly unpopular Kohl government.

The new minister will face an unenviable task. The German Institute for Economic Research this week predicted that the country would drift ever deeper into recession this year, with the economy in the West shrinking by 1.3 percent while growth in the East is limited to 3.5 percent, less than half what leading economists had forecast only two months ago.

"A year ago, we warned of this catastrophe and now it is here," said Heiner Flessbeck of the institute.

As investment drops and unemployment rises, Germany needs the Bundesbank to loosen credit, the institute said, but the central bank

See GERMANY, Page 4

Allied Air Power in the Region

Key weapons against Saddam's Soviet-made SA-2 and SA-3 missiles are stationed at the allies' main base in Dhahran, Saudi Arabia: F-4G air defense suppression jets and EF-111 electronic jamming aircraft. Britain's Royal Air Force has a squadron of GR-1A reconnaissance Tornados and GR-1 Tornado fighter-bombers at Dhahran. France has a squadron of top-line Mirage 2000 fighters.

Incirlik
U.S.: 38 combat planes (F-15E, F-16, F-4G)
Britain: 6 Jaguars
France: 8 Mirage F1s

Dhahran
U.S.: 55 combat planes including F-16 fighters, F-15E ground attack jets, A-10 tank killers.
Britain: 6 Tornado bombers
France: 8 Mirage 2000 ground attack planes

Riyadh
U.S.: 3 AWACS (airborne radar), transport planes, tanker planes for inflight refueling

Khamis Mushayt
U.S.: 20 F-117A Stealth fighter-bombers

JSS Kitty Hawk, in the Gulf
More than 70 attack, reconnaissance and electronic warfare planes

Klosk Ukraine Warns U.S. on Nuclear Pact

WASHINGTON (Reuters) — Ukraine's top arms negotiator, who met President George Bush on Friday, said that the U.S. failure to give its country security assurances would make it more difficult to win parliament's approval of nuclear treaties.

Deputy Foreign Minister Boris Tarasyuk, speaking after the United States said it was prepared to give Ukraine disarmament aid and security assurances only after it ratifies START-1 and Nuclear Nonproliferation Treaties, told Reuters U.S. support would have made it "easier for government to convince parliament" to vote approval.

As the Gaza maelstrom swells, both sides grapple with death. Page 5.

The Braer began to break up as heavy seas hampered salvage efforts. Page 2.

Business/Finance
The pace of job creation is slowing in the United States. Page 9.

Clinton's First 100 Days
Entry form. Page 3.

Money Report
Emerging opportunities, investment principles and tax tips for '93. Page 14-15.

Dow Jones
Down 17.29
3,251.87

Trib Index
Down 0.63%
88.95

The Dollar
New York: Ft. dove
DM 1.6475
1.638
London: 1.5315
1.531
Yen 125.385
125.215
FF 5.5605
5.567

What Price a Life? For 2 Friends, a Prison Sentence

By Tamar Lewin
New York Times Service

WASHINGTON — James McElveen says he and his best friend, Benny Milligan, are being sent to prison because his friend did what was necessary to get him the medical treatment that saved his life.

What was necessary, as the men saw it, was to lie to a hospital about whether Mr. McElveen had medical insurance rather than take a chance that the nearest emergency room would treat him without insurance.

But federal prosecutors charged that what the men did — pretending that Mr. McElveen was Mr. Milligan's son — was a crime. On July 8, 1990, while visiting a park in Tennessee with a group of friends, Mr. McElveen fell from a 30-foot (9-meter) cliff and lay at the bottom, unconscious and bloodied. Mr. Milligan carried him back up to the top and took him to the emergency room at Lewis Community Hospital in Columbia, Tennessee, 43 miles (70 kilometers) southwest of Nashville.

But on the ride to the hospital, friends to the car said articles in the local press made them believe that hospitals to the area would not admit patients without insurance. Mr. Milligan, a mechanic at a Martin Marietta Corp. plant in Michoud, Louisiana, said he knew Mr. McElveen had no insurance. In a panic, he said, he gave his own insurance card to the hospital and passed his friend off as himself.

"I did what I thought I had to do at the time," Mr. Milligan said. "It was a pressure situation. I know it was wrong."

A few hours later, Mr. McElveen was transferred to Maury Regional Hospital in Columbia because of the severity of his injuries. Two days later, he was sent to Vanderbilt University Medical Center in Nashville, where he underwent surgery to fuse his crushed vertebrae to prevent paralysis.

Under a 1986 federal law, every hospital that receives Medicaid money must provide emergency care to any patient in a life-threatening situation. But that law does not require hospitals to provide either continuing treatment or free surgery to every patient.

A 1987 article in The Journal of the American Medical Association estimated that hospitals turned away about a quarter-million emergency cases a year, but most of that information predated the law. Despite the statute, lawyers who represent the indigent say that such abuses still occur.

"I absolutely know cases, since the law, where people in life-threatening situations are refused treatment," said Gordon Bonnyman, an attorney at Legal Services of Mid-Tennessee, who testified as an expert witness at Mr. Milligan's trial last summer.

Mr. McElveen was discharged from Vanderbilt on July 20 and spent a month convalescing. He has headaches, but no other lasting physical problems.

His medical bills, more than \$41,000, were sent to the federal government, the insurer for Mr. Milligan and others who worked on the space shuttle project at Martin Marietta. But in September, the deception was uncovered and Mr. Milligan was dismissed.

He was sentenced to nine months in prison, and Mr. McElveen got seven months. They surrendered themselves to the federal prison in Carville, Louisiana, on Friday.

Mr. McElveen, Mr. Milligan and his wife, Tamera, who had signed hospital papers for Mr. McElveen as her husband, were charged with mail fraud, wire fraud and conspiracy to defraud the government.

Last summer, all three were convicted and ordered to repay the \$41,000. Mrs. Milligan, a waitress, was sentenced to four months' confinement to her home, but she is allowed to work and drive the couple's three young daughters to school.

Families USA, a Washington advocacy group, called the case a striking example of what all the nation's health-care system.

Tanker Breaking Up As Heavy Seas and Wind Delay Salvage

SUMBURGH, Shetland Islands — The oil tanker Braer, hammered by heavy seas since it ran aground in the Shetland Islands, is breaking up, the director of Marine Operations said Friday.

George Sutherland, the islands' marine operations chief, said at a news conference: "It is showing signs of breakup in the aft area. The engine room is separating from the cargo tank area."

Geert Koffman of the salvage company Smit Tak said at the same news conference that he expected the breakup to take place rapidly.

He said it should make salvage of the remaining cargo easier if the back section were to break off. He estimated that more than half of the total cargo of 600,000 barrels of light crude oil was still inside the tanker.

He said any salvage operation would have to wait until a barge arrived from Rotterdam, probably on Monday night, and the poor weather conditions improved.

A 12-mile (19-kilometer) slick of oil, churned up by waves and blown by the gale across the islands, continued to spread from the tanker. Storm force winds have blown oil far up the west side of Shetland. Traces were reported at the head of Clift Sound, the center of the salmon farming industry about 25 miles north of the wreck site.

Officials said some salmon farms had been affected by oil, but the extent of any damage was unknown.

Transport Secretary John MacGregor, who has opened an inquiry into the disaster, flew by helicopter over the Braer. He described the scene as "very tragic."

He said that although the six Dakota DC-3 planes assembled to spray dispersants on the oil had been grounded for a second day by the weather, nature was doing the job itself.

"The weather is enabling nature to do a great deal of the dispersing," he said. "You could see that the oil is being dispersed quite substantially."

Overnight the arches of the only bridge between two islands — East and West Burra — were damped with 800 tons of rock to protect salmon farms in the area. Attempts to throw a boom across Clift Sound failed because of the weather.

The slick, which extends in some places for almost a half a mile from the shore, appeared to have gotten thicker, perhaps because of leakage of the ship's more viscous engine fuel.

Dutch salvage crews, who hoped to drain the remaining oil into a barge this weekend, were unable to approach the ship, and meteorologists forecast winds of up to 80 miles an hour over the next few days.

"Weather is weather and we will have to deal with it as best we can," said David Bedborough of the Transport Department's Marine Pollution Control Unit. "Nature is having its effect."

Health officials said tests on atmospheric pollution showed that the 22,000 people on the Shetlands had nothing to fear from the oil being blown inland by the wind. The water supply, mostly contained in inland lochs, has not been affected.

Prince Charles will visit the Shetlands on Monday to see the devastation and anti-pollution efforts.



ALBANIA TRIES HOXHA WIDOW — Nexhmetje Hoxha, 72, widow of Albania's former dictator, Enver Hoxha, consulting her lawyer Friday as she went on trial in Tirana on charges of corruption and abuse of power. She pleaded not guilty. If convicted, she could face execution.

Marines Hit Weapons Market in Mogadishu

Mogadishu, Somalia — Hundreds of U.S. Marines swooped down on a weapons market in north Mogadishu on Friday and handed out food to other Somalis who inhaled in rifles voluntarily.

Attack helicopters buzzed overhead as about 450 Marines in armored vehicles pushed into the so-called Argentine gun market and seized all the munitions they could find, Colonel Michael Hagege said.

They burst into storerooms and hauled off a small tank, two armored personnel carriers and several "technicals," as the converted vehicles fitted with large guns are known. The Marines also confiscated 250 rifles and machine guns, as well as mortar rounds, rockets and shells.

"The object was to take all the weapons we could find," Colonel Hagege said at a press conference.

He said the troops had brought two truckloads of food with them for residents who were told they could have a bag of rice or wheat for any gun they handed in.

The trucks returned empty after the operation, which took about three and a half hours. Colonel Hagege could not say exactly how many weapons the food-for-guns offer had garnered.

Meanwhile, the heads of 14 Somali factions, whose fighting has brought their nation to ruin, signed a cease-fire agreement Friday. The faction leaders, meeting in Addis Ababa, Ethiopia, also decided to hold a national reconciliation conference by April.

Although they left undecided how the cease-fire should be carried out, the leaders pledged to clear any obstacles by Monday.

The Marine raid on the gun market in north Mogadishu, under the loose sway of the warlord Mohammed Ali Madhi, followed a fierce U.S. assault Thursday on two weapons compounds controlled by gunmen loyal to Mr. Ali Madhi's rival, General Mohammed Farrah Aidid.

Almost one month into Operation Restore Hope, the U.S. military is eager to show it is serious about bringing order to the chaotic streets of the Somali capital, where bandits continue to disrupt relief operations for the hungry.

"We are patrolling aggressively," Colonel Hagege said. "We are increasing our presence in Mogadishu."

He said the multinational force, now numbering 31,000, had concentrated on securing famine-hit towns in the interior in the early days of its mission, which began Dec. 9. Since then, he added, U.S. combat units had been made available for security tasks in the capital after handing over control of outlying towns to soldiers from other countries.

"We are not here to disarm the Somalis," Colonel Hagege said. "What we are trying to do is bring the arms under control."

He added: "Who those weapons belong to we don't know, and to be honest we don't really care. We just want to get the weapons off the street."

He said that people who had turned in their guns were given receipts entitling them to free food from the trucks, but that some arms dealers had tried brazenly to cash in on the incentive.

"In some shops we went into, the individuals said: 'Oh, here's my weapon, I'd like my chair.' At that point in time they were told it was too late," he said.

In the southern port of Kismayu, an attempt by U.S. troops to persuade people to give up weapons without any incentive in kind netted only 43 guns, Colonel Hagege said.

U.S. troops helped convoys take 240 metric tons of food from the towns of Baidoa and Bardera to outlying areas Friday, while helicopters took eight tons of food to each of two villages. (Reuters, AP)

WORLD BRIEFS

Hints of Hong Kong War Games

HONG KONG (Reuters) — A Hong Kong military exercise, which was called off in 1992 during a dispute with China over the colony's political future, could take place this year, Defense Minister Malcolm Rifkind of Britain said Friday.

Mr. Rifkind also said that the British garrison would remain in Hong Kong until 1997 when China will resume control of the colony. Asked what plans there were for military exercises following the cancellation of the operation last November, Mr. Rifkind said no exercises would take place, for symbolic reasons.

But he added: "If we conclude there will be a significant operational benefit to Hong Kong, then we will carry out an exercise and we would be failing in our duty to Hong Kong if we did not do so."

Storm in Lower California Kills 17

LOS ANGELES (AP) — Three people were killed in California and 14 died across the Mexican border in Tijuana as a Pacific storm hit the coast, sparking widespread flooding that left hundreds homeless, the authorities said Friday.

Coast Guard helicopters rescued people trapped by flooding as water covered houses and roads. Especially hard hit were the hillside slums in Tijuana. Governor Pete Wilson declared a state of emergency in San Diego County as high water forced people from their homes along the Tijuana River. He also sent an offer of help to the Mexican state of Baja California.

The storm dumped up to 6 inches (more than 15 centimeters) of rain in valleys and up to 12 inches in the mountains since it began Tuesday night. The flooding was worsened by warmer weather that melted snow in the mountains.

Algeria Military Court Condemns 19

ALGIERS (AP) — A military court has sentenced 19 people, many of them military personnel, to death for plotting against the government, Algerian radio said Friday.

They were among 79 people put on trial about two weeks ago in Bechar, southwestern Algeria, for conspiring against the security of the state. They were charged with "being members of and leading armed bands, conspiracy to organize plots, distributing documents and propaganda against the national interest." They also were charged with not denouncing their alleged crimes.

Tight security had surrounded the trial, and defense attorneys withdrew from the case after five days to protest the lack of respect for the rights of their clients, they said in a communiqué. The names and military ranks of the defendants have not been made public.

Angolans Repulse UNITA Force

LUANDA, Angola (AFP) — Government forces seized control Friday of the central province of Bie, official radio reported, after two days of bitter fighting with forces of UNITA, the National Union for the Total Independence of Angola, which left hundreds of bodies in Cuito, the province's main town.

According to military sources there, staff in local hospitals lacked medicines and plasma to treat the wounded. The radio said government troops recaptured Cuito on Friday after a two-day battle. Military sources said UNITA forces had regrouped about 40 kilometers (25 miles) outside the town.

Russia Hands Over KAL 007 Tapes

PARIS — Russia gave the International Civil Aviation Organization missing tapes recording the final moments of a Korean Airlines jetliner shot down in Soviet airspace in 1983.

Yuri Petrov, an aide to President Boris N. Yeltsin, handed the tapes of the plane's two flight recorders to Philippe Rochat, a senior official of the organization, which is investigating the shooting down of the plane, in which 269 people died.

The full story behind the destruction of KAL Flight 007 has never emerged. Officials of the organization said they would prepare a report and analysis of the tapes over the next two weeks as a first step toward completing the investigation.

TRAVEL UPDATE

Three European airlines have moved to develop routes in Germany under new European Community laws aimed at opening up the EC air market. The German Transportation Ministry said Friday in Bonn.

British Airways, through a German subsidiary, Deutsche BA, has been picking up passengers at Hannover on its London-Hannover-Leipzig route, something from which it had been barred before. Scandinavian Airline System will follow suit from Monday, stopping off at Hamburg to pick up passengers while en route from Copenhagen to Leipzig. And Lufthansa has been doing the same since Jan. 1, on a Luxembourg-Saarbrücken-Munich route. (AFP)

Euro Disneyland is offering early discounts to residents of the Paris region. The lower fees of 150 francs (\$28.30) for adults instead of 225 francs are available by mail in response to flyers sent by the company. Tickets for children younger than 12 are 100 francs, down from 150 francs. Attendance for the first six months ending in September revealed that French people accounted for a considerably lower percentage of visitors than Euro Disney had expected. (AP)

Heavy snow in Iran disrupted air travel Friday as Mehrabad airport in Tehran was forced to close and several international flights were diverted to other airports in the Gulf region. Most other airports in Iran were closed as well. (Reuters)

Qantas Airways is expected to resume direct flights from Australia to Paris in March. (Bloomberg)

A strike by refueling personnel at airports in eastern Australia on Friday grounded scores of flights, delaying thousands of passengers. A spokesman for Qantas said some of its international flights faced minor delays but were now back to normal. (AFP)

It is planned to fly to Australia are being hindered by the Israeli airline's insistence that it be allowed to use its own security force, an Australian government source said. The government does not allow foreign security forces to operate in Australia. (Reuters)

The death toll on Australia's roads has dwindled to the levels of the early 1950s, according to government statistics. Road accidents killed 1,971 people in 1992, lower than in any year since 1953. (Reuters)

An elderly Illinois woman was recovering aboard a cruise ship Friday after receiving a transfusion of blood delivered by parachute into the Tasman Sea midway between Australia and New Zealand. A New Zealand Air Force plane dropped the blood into the waters near the ship after receiving a distress call. It was picked up by the ship's crew on a dinghy and administered by the liner's doctor and nurse. (AP)

Indian Airlines, the country's domestic carrier, is leasing jets and crews from Bulgaria and Uzbekistan to help counter the effects of a month-long strike. (Reuters)

'Massacre' as N.Y. News Changes Owners

New York Times Service
NEW YORK — Mortimer B. Zuckerman has opened a new era at the Daily News in a tense labor confrontation, beginning the process of telling more than 170 employees, some of whom had worked at the newspaper for decades, that they no longer had jobs.

Mr. Zuckerman, who formally took ownership on Friday, is cutting by one-third the number of unionized news and business employees. The move signaled a low point for the union, the Newspaper Guild, which represents news, advertising and circulation employees at the News, The New York Post, The New York Times and other news organizations.

Unable for many reasons to stage a strike and isolated from the News' time other unions, which had reached agreements with Mr. Zuckerman and which refused to support the guild, the union's leaders met with the new owner on Thursday night as about 150 reporters and editors refused to leave the paper's newsroom in a spontaneous protest.

As people milled about in the newsroom, unsure whether to leave to pick up envelopes telling them their fate or to wait for news of the talks, some broke into tears, some drifted away.

A final group of about 30 reporters and editors left the newsroom together about two hours after the protest began and got what they called their "death warrants." Some of them had been offered their jobs. Some had been told they were not needed.

"It's a massacre," said Eddie Borges, a reporter who was rehired. Throughout the day, News employees gathered in assigned rooms to learn whether they would have a future at the paper. Among those employees rehired, some discovered that they were to earn as much as \$450 a week less than previously.

Saturday's issue will be the first under the new ownership. Mr. Zuckerman, a multimillionaire real estate developer who also owns the Atlantic Monthly and U.S. News and World Report, said he would publish a letter to the public in Sunday's edition describing his goals for the News.

The guild contract with the Daily News is not binding on Mr. Zuckerman because the paper's bankruptcy gives him the right to reject previous contracts. Mr. Zuckerman was, in effect, offering new jobs on Thursday night to two-thirds of the current employees.

But he said that he remained open to reaching an accord with the guild, which is still the bargaining agent for its remaining members at the News, for a new union contract for the people he kept. In light of the guild's weakness against Mr. Zuckerman's actions on Thursday night, it was unclear how much power the guild would retain even with such a contract.

German Minister Wants AIDS Tests For Immigrants
Bonn — Foreign Aid Minister Carl-Dieter Spranger triggered protests Friday from the opposition and a human rights group by suggesting that some foreign asylum-seekers should undergo mandatory AIDS tests.

He made the proposal in an interview with Bild-Zeitung, saying refugees from countries with many AIDS cases should be subjected to tests for the disease upon entering Germany.

"The explosive spread of AIDS in certain countries in Africa and Asia is becoming a growing problem also for Germany through the influx of asylum-seekers," Mr. Spranger was quoted as saying.

A human rights group, Pro Asyl, termed the proposal racist and added: "The AIDS threat does not come from refugees but has for a long time been a social problem in every society."

When Airlines Farm Out the Passengers
By Barry James
International Herald Tribune
When passengers buy a ticket from a major airline — in effect concluding a contract — they are not necessarily getting what they thought they paid for.

Airlines collectively spend hundreds of millions of dollars every year to establish an image. Since the planes are all the same, the ads accentuate the food and comfort, the flight attendants' smiles, the mechanics' skill, the pilots' experience. Such "branding" is the buzzword in the industry and can be the key to an airline's profitability.

But because of code-sharing, where collaborating airlines operate with the same flight number on computer reservations systems, passengers may end up on a different carrier to the one they booked with.

Roger Collis, who writes on aviation matters for the International Herald Tribune, remembers with displeasure the time he booked on an Air France flight from Nice to Madrid. Instead, he found himself boarded on a small Fokker commuter plane belonging to the regional carrier TAT, with seat pitch so small that he could not fit in his 6-foot (1.8-meter) frame.

"I was not getting the service I thought I had paid for," he said.

Japan Eases Foreign Resident Fingerprinting

TOKYO — Japan's fingerprinting requirement for foreign residents was relaxed Friday after years of protests.

Prime Minister Kiichi Miyazawa welcomed the decision to scrap the policy of fingerprinting the 640,000 foreign nationals who live here permanently. "I think it is a good thing that we have scrapped fingerprinting for foreign permanent residents after long discussions," Mr. Miyazawa said.

Yet civil rights groups said the move did not go far enough, and some Korean residents lobbied city hall in Osaka handing out protest leaflets to passers-by.

Every permanent resident of foreign descent or origin, most Koreans and Chinese, is now required to supply a photograph, signature and evidence of family registration as a means of identification.

The change does not apply to 363,000 foreigners who are staying for more than a year but do not have permanent resident status. They need to be fingerprinted to obtain an alien registration card.

The original law required all foreign residents 16 and over, and staying in Japan for more than one year, to have their left index fingerprints on their registration certificates.

Mr. Miyazawa commented, "The remaining restrictions should pose no particular inconvenience for those concerned."

Civil rights groups were less satisfied, however. "The fingerprinting requirement is a symbol of discrimination and we regard its abolition as a progressive move," the Korean Residents Union in Japan said.

But the authorities, it added, "have not reformed the system" whereby all foreign residents in Japan "are legally required to carry identification with them at all times, and that is unsatisfactory."

Under the revised Alien Registration Law, both permanent residents and nonpermanent residents are obliged to carry their registration cards as usual.

Justice Minister Masaharu Gotoda said Friday that he had no intention of abolishing the system immediately.

The fingerprinting requirement remains in effect for hundreds of thousands of other foreigners who have lived in Japan for more than a year but are not permanent residents.

Citizenship in Japan is generally obtained through blood relationships, and people born in Japan to foreign parents do not receive automatic citizen rights.

Foreigners who fail to carry their alien registration cards at all times are subject to arrest. Violators of the law face up to a year in prison, a fine of up to 200,000 yen (\$1,600) and possible expulsion from Japan.

Thousands of Koreans in Japan have refused to be fingerprinted in a civil disobedience act that started in 1980. Dozens of other foreign residents joined. (AP, Reuters)

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TRANSITION/

Clinton Vows Swift Action on Free Trade

Compiled by Our Staff From Dispatches

AUSTIN, Texas — President-elect Bill Clinton vowed after a meeting with President Carlos Salinas de Gortari on Friday to move quickly to resolve differences on a free-trade pact with Mexico and Canada.

Mr. Clinton promised to put a single official in charge of overseeing progress on the pact and related trade issues. The agreement was negotiated by the Bush administration and supported conditionally by Mr. Clinton.

Mr. Clinton and Mr. Salinas fielded questions after meeting at the mansion of Governor Ann Richards. It was the president-elect's first one-on-one meeting with a foreign leader since the November election.

The two leaders said they discussed the trade agreement, world crisis spots, Latin America and the 1990 abduction by U.S.-paid bounty hunters of a Mexican doctor accused, and later acquitted, of taking part in the murder of an American drug agent.

Mr. Clinton said, as he has in the past, that he did not support a U.S. Supreme Court decision upholding the abduction.

"I believe that when another nation is willing to obey the law and in the absence of information that the government itself has willfully refused to obey the law, that the United States should not be involved in kidnapping," Mr. Clinton said.

On the free-trade agreement, he said: "I reaffirmed my support for the North American Free Trade Agreement and my conviction that there were some issues still outstanding between our two nations that needed to be addressed."

Mr. Clinton said he supported the pact, but wants separate agreements approved to protect the environment and U.S. workers.

Mr. Salinas said that Mr. Clinton had underscored that the text of the agreement, which was reached by negotiators from the three nations last summer and now before the three national legislatures, would not be reopened.

"We will work together once he is inaugurated," Mr. Salinas said, "to make the free trade pact a reality."

Mr. Clinton cited the "astounding progress that has been made" in Mexico's economy in recent years under Mr. Salinas.

Canada is next on Mr. Clinton's list. He called Prime Minister Brian Mulroney on Thursday and invited him to meet shortly after the inauguration in the first meeting of the Clinton presidency with any foreign leader.

The Salinas meeting was partly intended to mend ties after the U.S. election campaign, when Mexican officials cheering for the re-election of President George Bush, Democrats said. Mr. Salinas sat with Mr. Bush at the All-Star baseball game in July in San Diego, which Republicans viewed at the time as an event to woo Hispanic voters.

Mr. Bush and Mr. Salinas came into office about the same time and fostered "an emphasis on cooperation that became increasingly pervasive," said Nora Lussier, a specialist on Mexico at the Brookings Institution in Washington. "I think that now people wonder if that is something that will be able to continue with the new president."

Mr. Clinton said on Oct. 4 that he would not sign legislation putting the North American pact into law until he had negotiated three supplemental agreements with Mexico and made five changes in U.S. law. The agreements would cover labor and environmental issues and the reimposition of tariffs if imports surge.

The changes would increase spending on workers who lose their jobs because of imports, spend more money on environmental cleanup; help farmers shift away from crops that Mexico grows more efficiently; tighten licensing requirements for Mexican truck drivers who cross the border, and raise barriers to the immigration of strikebreakers.

But the Clinton transition has not yet decided how these broad principles should be translated into legal language, Democrats said.

One key, unresolved question is how to raise the money for helping people who may lose their jobs because of the movement of factories to Mexico. Economic studies have shown that job losses could approach 200,000 over the next few years.

(AP, NYT)



Mr. Clinton in Little Rock with four ex-secretaries of state. Clockwise from left, Alexander Haig, George Shultz, William Rogers and Edmund Muskie.

Foreign Policy Team: 4 Who Ought to Know Give the Nod

The Associated Press

LITTLE ROCK, Arkansas — Four former U.S. secretaries of state say President-elect Bill Clinton picked a solid foreign policy team and should be able to make up for his lack of experience with on-the-job training.

The four were in Mr. Clinton's hometown Friday for a meeting to discuss foreign policy options facing the new administration.

They were here for the Annual Report of the Secretaries of State. The one-day session, sponsored by the Fulbright Institute of International Relations and the Southern Center for International Studies, allows former diplomats to discuss and analyze foreign policy issues.

The former secretaries — William P. Rogers, Edmund

S. Muskie, Alexander M. Haig Jr. and George P. Shultz — said that Mr. Clinton was inheriting a world in turmoil, but that he and his team appear up to the task.

"You've got to toss a coin every morning" to determine the most pressing problem, said Mr. Muskie, who was a member of Jimmy Carter's cabinet. "Is it going to be Bosnia or Somalia? Today it's Bosnia."

"It's on-the-job training," he added. "You learn as you go."

Mr. Haig, who was secretary of state under Ronald Reagan, said Mr. Clinton "picked a good team."

"I've known most of them and have worked with them over the years," Mr. Haig added.

He said Mr. Clinton could not ignore foreign policy

while dealing with trouble at home, or vice versa.

"You cannot succeed at home if you fail abroad and you cannot succeed abroad if you fail at home," Mr. Haig said.

Mr. Rogers, who was secretary of state in Richard Nixon's administration, said Mr. Clinton "selected a good team of people in the foreign affairs area."

He said Mr. Clinton's top priority must be to help President Boris Yeltsin maintain democracy in Russia.

Getting the START treaty with Russia ratified should be Mr. Clinton's second priority, Mr. Rogers said.

On Iraq, Mr. Rogers said Mr. Clinton "must clean that up." He said the incoming president must continue to press the United Nations to hold Saddam Hussein to UN resolutions.

'Abysmal' Books Hide Fiscal Ills, U.S. Auditor Says

By Robert Pear
New York Times Service

WASHINGTON — The top federal auditor has told President-elect Bill Clinton that the government did "an abysmal job of rudimentary bookkeeping" and has tens of billions of dollars in hidden liabilities.

In a series of 45 transition reports, Comptroller General Charles A. Bowsher, the head of the General Accounting Office, painted a grim picture of a govern-

ment plagued by mismanagement, unable to collect delinquent taxes and unwilling to acknowledge the full cost of its long-term commitments.

He said the State and Transportation departments, the National Aeronautics and Space Administration, the Health Care Financing Administration and the Energy Department were losing billions of dollars a year because they were lax in supervising federal contractors who build embassies, subways and

satellites, pay Medicare claims and run government laboratories.

"Widespread financial management weaknesses are crippling the ability of our leaders to effectively run the federal government," Mr. Bowsher said.

The comptroller general has historically been a nonpartisan official appointed by the president. Mr. Bowsher was appointed by President Ronald Reagan in 1981 for a 15-year term.

The government, he said, spends \$1.5 trillion a year, but does "an abysmal job of rudimentary bookkeeping," using unreliable, ineffective techniques to control the flow of money.

As a flagrant example, Mr. Bowsher cited an Agriculture Department program that lends money to farmers. Under the program, he said, farmers are delinquent on more than one-third of the \$20.5 billion in outstanding loans, and borrowers who have defaulted on loans are free to obtain new ones.

Federal officials "seem to believe that keeping farmers on the land is more important than making prudent lending decisions," he said.

Mr. Bowsher criticized the Energy Department for its supervision of companies that produce nuclear weapons and operate national laboratories for the government.

In the reports, Mr. Bowsher warned Mr. Clinton against relaxing federal regulation of banks, as the industry and some Clinton advisers have recommended.

N.Y. Expands Gay Couples' Rights

By Alan Finder
New York Times Service

NEW YORK — Mayor David N. Dinkins has moved to give unmarried heterosexual and homosexual couples in New York City some of the rights enjoyed by married couples.

Through an executive order, the mayor created a city registry in which city residents and nonresident municipal workers who live together could register as unmarried "domestic partners." A second executive order detailed several ways in which such partners will

now be treated the same as married couples by the city.

Registered domestic partners who work for the city will be entitled to the same unpaid leave that has long been available to married city workers to care for a new child.

And all registered partners, whether or not they work for the city, will have the same visitation rights at municipal hospitals and city jails as married couples. They will also have the same standing in qualifying for apartments and in inheriting a lease in residential buildings owned or overseen by city housing agencies.

The state Legislature, and to a lesser extent the City Council, have authority over the legal definitions of marriage and the rights enjoyed by married spouses in matters like life insurance, inheritance and health benefits. The mayor's executive orders cannot in themselves extend the rights of unmarried heterosexual or homosexual couples in such areas, mayoral aides and many legal experts said.

But his actions Thursday had broad symbolic importance and considerable political significance. He received strong support from gay and lesbian voters in the 1989 campaign and had promised to grant to the live-in partners of homosexual city employees the same health benefits offered to spouses of married city workers.

But he said he could not grant those benefits without City Council approval, and he endorsed a Council bill that would do precisely that.

Many representatives of gay and lesbian organizations who joined the mayor for his announcement at a City Hall news conference described his endorsement of the Council bill and his two executive orders as major steps.

Paula L. Eitelbrick, the legal director of the Lambda Legal Defense and Education Fund, a national organization that works for gay and lesbian legal rights, called the mayor's actions "an absolutely historic and significant step in recognizing that all families have a place in the city of New York."

But Ms. Eitelbrick and many of the more than a dozen representatives of gay and lesbian groups who worked with mayoral advisers to formulate the two executive orders said Mr. Dinkins had not gone far enough. They said they would keep fighting until the city granted full health benefits to the partners of homosexual city workers.

Some leaders of gay and lesbian organizations sharply criticized Mr. Dinkins. They contended that his actions were largely symbolic.

Away From Politics

President George Bush has been barred by a federal judge from carrying out a threat to dismiss Postmaster General Marvin T. Rumsfeld and five other governors of the Postal Service involved in a dispute with the White House over how stamp prices are agreed upon.

The southern section of the San Andreas Fault in California is overdue for a major earthquake, scientists said, citing new geological evidence. They said that quakes of magnitude 7.0 or higher on the Richter scale have occurred in a section of the fault northeast of Los Angeles every 100 years, and the last quake of that magnitude occurred 136 years ago.

Reverse growth in California is running behind projections, and the state is likely to face a cash shortage of \$2.5 billion by mid-May, a state official said.

The Environmental Protection Agency has cleared the way for California to continue to impose more stringent automobile emission standards than those set by the federal 1990 Clean Air Act. The effect of the decision, which was opposed by automakers, will be felt across the country as states best by the worst smog problems are expected to adopt the California standards.

One week after granting a large rate increase to one of the state's largest health insurers, New York state officials agreed to give the company, Empire Blue Cross and Blue Shield, a one-time infusion of cash that would reduce the most severe increases in premiums. Under the deal, the average increase in premiums for the firm's 1.4 million customers would drop to about 20 percent from 25.5 percent.

A federal judge refused to dismiss a \$6.5 billion lawsuit by the nation of Panama seeking to recover money allegedly embezzled by its former military ruler, Manuel Antonio Noriega. Attorneys for the Panamanian government said they could identify more than \$40 million that Mr. Noriega has hidden around the world.

(AP, LAT, NYT, Reuters)

★ POLITICAL NOTES ★

The Inaugural Spirit Isn't All That Catching

WASHINGTON — Thomas Caviness isn't going. He isn't in the mood. Bernadine Caric is curious, but she hasn't quite caught the spirit.

Along Georgia Avenue, which is Bill Clinton's designated symbol of the real America in the capital, they might as well be watching the birth of the Clinton administration from Kalamazoo. To hear the people along black and blue-collar Georgia Avenue discuss it, the inauguration, just four miles and two weeks away, feels like the coming attractions at the multiscreen movie theater in white and white-collar Silver Spring, Maryland.

Mr. Clinton's high-energy inaugural machine has been busily pumping up its five-day festival of symbolism, a high-concept political miniseries starring Mr. Clinton and his family, with appearances by Jefferson, Lincoln, the Liberty Bell and the American people. But it just doesn't matter much to Georgia Avenue.

Untouched by the hoopla, they listen to the radio's daily broadcasts on ticket availability. Bill Clinton touched them deeply when he visited their stores shortly after his election, bridging the gap between the marble grandeur of Pennsylvania Avenue and the brick and boards of their own neighborhood. They are happy to see the same spirit in his inaugural. But they aren't exactly excited.

"You have to be in the mood," said Mr. Caviness, 68, owner of Tynisha's Art and Gift shop, as he photocopied some of the press clippings from Mr. Clinton's November visit to his block. (NYT)

Bush Makes Plea to Keep Intelligence Budget

LANGLEY, Virginia — President George Bush said Friday that the United States needed "more intelligence, not less" to deal with challenges around the world like the confrontation with Iraq over its anti-aircraft batteries.

In a farewell speech at the agency he once headed, Mr. Bush cautioned Mr. Clinton against trying to cut the intelligence budget. "This is not a time to claim victory and turn our back on the intelligence needs of the future," he said. "As we face a more turbulent and unpredictable world and as our military forces are being reduced, I don't think we ought to be contemplating significant reductions in the intelligence area."

The world may be perceived as being more peaceful, "but in my view the need for intelligence is great as ever," he said, adding that "the threats we face are real, we need more intelligence, not less, if we are going to meet the challenge." (AP)

Dole and Some Republicans Lock Horns

WASHINGTON — The Senate Republican leader, Bob Dole of Kansas, is showing his political muscle in entering the battle over the Republican National Committee chairmanship. He is telling party members that he wants them to create the post of general party chairman and that he wants his ally, Senator Mitch McConnell of Kentucky, to it.

Mr. Dole's move did not sit well with some party members, who argued that after a presidential defeat, it is the grass-roots membership from around the country, not a senior senator, who should choose the party's leadership.

"All of a sudden a new job was thrown out in the middle of a very active campaign that has been going on," said Alec Pointevint, Georgia's Republican chairman. "I consider Senator Dole a friend and ally, but our next chairman should be chosen by us, not by someone in Washington." (NYT)

Quote/Unquote:

Edward J. Rollins, who briefly served as Ross Perot's campaign co-chairman, on Mr. Perot's scheduled appearance on CNN's "Larry King Live" on Monday and other television appearances next week to tout his grass-roots political organization United We Stand America: "Obviously, he is probably bored being out of the limelight. Usually in a campaign you try to motivate people to do something. What is his motivation here, except to get his ego stroked?"

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- Q2. The Trib Index (see first business page for details) on April 30, 1993 will be:
- Q3. The Dow Jones industrial average at the 4 P.M. close on April 30, 1993 will be:
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ASK THE WORLD OF US

As the Gaza Maelstrom Swells, Both Sides Grapple With Death in a No-Win War

By David Hoffman

WASHINGTON Post Service

KHAN YOUNIS, Gaza Strip — Israeli Army jeeps with loudspeakers raced through the rutted streets in the occupied Gaza Strip, announcing that the curfew would be lifted for just two hours, but that only women could leave their houses to shop for food.

Tharwat Abu Tyour, an unemployed car mechanic, sent one of his daughters, Rana, out to get fresh milk from a farmer, he and neighbors said. He gave her a shekel and a pitcher.

The 10-year-old girl walked through an orange grove and up a side street. When she started to cross a boulevard, she was shot and killed by Israeli soldiers, witnesses recounted. According to a hospital report, two shots hit her in her back.

Rizq Fara, 19, looked out from his house and saw that the girl had been hit. He shouted to neighbors to get her family, and soon he, too, had been shot and killed on his balcony by an Israeli soldier, witnesses said. According to the hospital report, the bullet hit him in the head.

The deaths came in a maelstrom of anger, fear and fatal miscalculations that erupted in Khan Younis on Dec. 19. Four other Palestinians were killed that day, and four died during the next three days in a surge of violence following Israel's deportation of 415 suspected Islamic activists.

The story of the Khan Younis deaths runs deeper than just another clash between Palestinians and the Israeli Army. A reconstruction of the events, based on Palestinian witnesses and Israeli soldiers, offers a revealing glimpse of how quickly the violence was ignited and resulted in the killings and lasting bitterness.

The Khan Younis riot also underscores how, after five years of fighting the Palestinian *intifada*, or uprising, against Israeli occupation, the army is still caught in the grips of a painful no-win war. With each death — and particularly after the recent fatal ambush of three Israeli soldiers — influential voices in Israel are asking whether the occupation of the Gaza Strip is worth the anguish.

For Palestinians, too, December was a cruel month. Of the 23 Palestinians killed in the West Bank and Gaza Strip, eight were under age 16. It was the highest monthly death toll in the occupied territories in more than two years.

After watching year-end programs on Israeli television, Rana's father asked, "Why didn't they say, in 1992 there was a massacre in Khan Younis?" He said no one from the army had come to tell him that a mistake was made.

Saying that he had never been in jail and had always kept out of Palestinian politics, he added, "But now, how can I look at an Israeli after the death of my girl?"

Israeli soldiers say they feel defenseless while on duty in Gaza. Forty soldiers warned in a recent letter to Prime Minister Yitzhak Rabin that there was a process of "Lebanonization" under way, a "turning to the extreme and loss of control."

Especially in the southernmost towns and refugee camps, such as Khan Younis and Rafiah, the Gaza Strip is daily transformed into a war zone. Violent gangs named the Fatah Hawks and the Red Eagles rule the streets there, and barefoot boys play with makeshift weapons and toy guns.

Many of the most jolting terrorist attacks against

Israelis and most severe clashes with soldiers occur in Gaza or originate there. A large number of the suspected activists deported last month came from Gaza, which is home to 780,000 Palestinians.

According to military officials, the nature of the conflict in Gaza has changed markedly in the last year. They say that the armed gangs have grown stronger, more experienced and better equipped. Israeli military commanders now see their role in Gaza not as confronting the mass demonstrations of the *intifada's* early days, but as fighting a grinding battle against the relatively small number of armed fugitives.

Rana and Fara were not throwing stones or carrying guns, and the soldiers did not shout warnings before firing the fatal shots, Palestinian witnesses said.

The army has said nothing publicly. But in an interview, an army officer acknowledged that Rana's death had been a mistake. He said the army lacked solid information about the death of Fara, apparently because soldiers' recollections of the episode were inconclusive.

Palestinian witnesses said the soldiers in Khan Younis at that period fired large amounts of ammunition, sometimes at random. A soldier who was there described the atmosphere as "simple hysteria," and said Rana had been killed in a burst of more than 50 bullets.

Six days after Rana's death, military officials said, Mr. Rabin, who also is defense minister, became concerned enough about the killings in Khan Younis that he ordered an army unit removed from the Gaza Strip. However, it had completed its tour and had been discharged hours before Mr. Rabin's order reached the field.

When the Dec. 19 riot broke out, military command-

ers were surprised by the pent-up fury of the Palestinians over the deportations, army officials said. They were relying on a large deployment of reinforcements who had been sent to Gaza earlier in the month with little experience in the densely populated shantytowns. The troops felt under siege from crowds of angry protesters, some of them carrying weapons, who threw rocks, iron bars and bottles, the officials said.

The army was taken aback when hundreds of residents poured into the streets of Khan Younis when the curfew was briefly lifted for the first time in six days.

The army officer said: "All the population came out with their angry faces, ready to clash with the army. I was there. It was real different from other times."

Israeli Army rules say soldiers may shoot if they feel that their lives, or those of colleagues, are in immediate danger. Otherwise, they may shoot in the legs to wound a suspect while trying to apprehend him, but only after issuing a series of warnings.

At issue in the long controversy over the rules is what constitutes a life-threatening situation that justifies shooting. In the past, human rights advocates and Palestinian activists have charged that soldiers opened fire prematurely or without warning. Soldiers have complained they are too frequently criticized in hindsight about split-second life-and-death decisions.

In the wake of the ambush of the three soldiers last month, the army is modifying the open-fire rules. Military officials said the changes would allow soldiers more freedom to shoot at armed persons.

The day after Rana's death, the army spokesman said: "All of the cases in which shooting of any sort at rioters

was carried out occurred following identification of young persons bearing firearms or youths throwing stones, cinder blocks or iron bars at the forces, and who in the commanders' estimation endangered lives."

That day on Israeli television, Brigadier General Yom Tov Samia, the top commander in Gaza, said his troops had spotted and hit two armed men in the crowd in the Khan Younis riot. A military official said it was not known what happened to those two men. But Palestinians said that others who were not threatening the lives of soldiers also were killed in the hail of gunfire.

Rana was shot from a block away, according to two witnesses from the neighborhood. They said they could not help her immediately because shooting continued. Eventually, she was taken to a hospital and pronounced dead on arrival.

A soldier who was in Khan Younis said he agreed with an unidentified soldier's description in the daily newspaper *Ha'aretz* of the situation as chaotic.

"In this specific incident," he said, "we shot 50 bullets, and I am only talking about the incident in which the girl was killed."

He added that he had "no idea" how she had been killed.

"I am going crazy from this," he said. "Simply crazy. We shot an enormous amount. I estimate that it was soldiers' hysteria — simple hysteria. I am sure that he did not shoot at the girl. He simply shot, and she got hit. The girl was not standing next to someone armed, or anything like that."

He concluded: "No one can shake the feeling that she and others were killed because of us. Don't think that it is easy for us to live with this."



A Palestinian deportee bringing water to his companions Friday as snow fell on their Lebanon camp.

Islamic Group Says It Bombed Tour Bus in Cairo

CAIRO — Egypt's most active Muslim militant group claimed responsibility on Friday for a bomb attack on a tourist bus in Cairo.

The attack Thursday night, in which the police said no one was hurt, was the first in the capital since Muslim militants began a campaign against tourism in October, aiming to damage an industry that is vital to Egypt's struggling economy.

The Interior Ministry said the bomb shattered the rear window of the bus near the pyramids of Giza. A police spokesman said several Germans were on board.

A telephone caller told a news organization that Islamic Group carried out the bombing as part of a policy of targeting "tourism but not tourists."

Deaths Rise to 40 as Bombay Rioters Burn Huts

BOMBAY — Rival Hindu and Muslim gangs set fire to hundreds of ramshackle huts in the slums on Friday, causing 11 deaths despite shoot-at-sight orders and the deployment of army troops.

At least 12 other people were fatally knifed, taking the death toll to 40 in the sectarian violence that began after a street brawl last Monday, the police said.

Hindu-Muslim fighting also broke out again in another western Indian state, Gujarat, north of Bombay.

The state authorities in Gujarat reported Friday that there had been 17 slayings, including one of a law enforcement officer, in the state's two main cities, Ahmedabad and Baroda. Curfews were ordered in parts of both cities. Paramilitary reinforcements sent in from New Delhi.

In Bombay, much of the violence was concentrated in the Muslim-dominated south-central suburbs.

"I smell bodies burning when we went into a timber warehouse but couldn't see anything," said a fireman who spent all night battling fires in the congested slums of Juhua Mandan in Jogeshwari, a western suburb of Bombay.

An officer at Bombay's fire brigade control room said, "Our men are fighting the fires with police protection because mobs are attacking them."

Sectionary tension has been simmering in Bombay since rioting throughout the nation last month after the destruction of a mosque by militant Hindus in northern India. The violence killed 1,100 people, 202 of them in Bombay.

A curfew was imposed on six parts of the city of 12 million people but was relaxed for two hours in the afternoon to enable Muslims to pray.

"It was essential to allow them to pray because preventing it could lead to increased tensions," a police officer said.

The situation was tense because Hindu militants continued to provoke Muslims, he said.

The Hindu parties organized prayers at Hindu temples near mosques. Thousands of people then spilled out onto the roads, blocking traffic in a protest against the Muslims.

Despite government pleas that they stop, Hindu nationalist parties like the Bharatiya Janata Party and the Shiv Sena continued to hold mass prayer meetings. The police feared this could set off more clashes.

(Reuters, UPI)

Khmer Rouge Detains 5-Man UN Voting Team

PHNOM PENH — Khmer Rouge guerrillas detained a United Nations electoral team for six hours in eastern Cambodia this week, a UN spokesman said Friday.

The guerrillas held the team of five in Kratie Province on Wednesday and told them not to enter Khmer Rouge zones and to stop registering voters there, a spokesman for the UN Transitional Authority in Cambodia said.

It was the latest incident since early December in which the guerrilla group has detained peacekeepers. The Khmer Rouge refuses to allow UN personnel into its zones.

"The soldiers accused the team of entering their area without any permission and also told them that the registration process and the elections wouldn't be allowed to take place until all the Vietnamese were taken out of Cambodia," the spokesman said.

The Khmer Rouge says it is renewing on the accord because the UN is biased toward the Vietnamese-installed government and has not verified Hanoi's September 1989 troop withdrawal.

The spokesman also said more than 6,000 cubic meters of logs had left Cambodia, mostly destined for Thailand, in three days after a UN ban was imposed on log exports on Jan. 1.

"During the first three days of the application of the moratorium we have observed that a number of companies were still engaged in illegal crossings of the border," he said.

The ban was imposed to apply pressure on the Khmer Rouge to cooperate with the UN-sponsored peace agreement signed in October 1991 by all four factions.

But the UN spokesman said that since Jan. 3, it appeared that violations of the moratorium in trade with Laos and the Thai border town of Aranyaprathet had stopped.

In Kuala Lumpur, Prime Minister Chuan Leekpai of Thailand said Friday that his nation would abide by UN sanctions against log exports by Khmer Rouge guerrillas even though the step would hurt Thai loggers.

Israel Warns UN to Back Off

Deportee Issue Risks Scuttling Peace Talks, Peres Says

By Clyde Haberman
New York Times Service

JERUSALEM — Israel warned a special United Nations envoy Friday that the Middle East peace talks could be undermined if the Security Council took new measures against Israel for having deported 415 Palestinians to southern Lebanon.

Israeli officials said their own participation in the talks was not in question, but they argued that Arab delegations might find it difficult to resume negotiations with Israel if it is placed under renewed international censure.

The Israeli view was conveyed by Foreign Minister Shimon Peres to Chinnappa Gharekhan of India, the second representative sent here in the last two weeks by the UN secretary-general, Boutros Ghali.

Mr. Boutros Ghali has threatened to recommend that the Security Council take unspecified action against the Israelis if they do not obey a Dec. 18 council resolution ordering a condemning the deportations as a violation of international law and demanding that the Palestinians be returned to the occupied West Bank and Gaza Strip.

After meeting with Mr. Peres, Mr. Gharekhan declined to say whether anti-Israel sanctions were possible.

"I would not like to start off my mission here on the presumption of failure," he told reporters. "So I don't want to talk about what Mr. Boutros Ghali said."

Mr. Peres said Israel wished to cooperate and did not want "a clash with the United Nations."

Despite the amicable mood, the special envoy made no ground toward his primary goal of bringing back the exiles right away. He is unlikely to do any better when he

meets on Sunday with Prime Minister Yitzhak Rabin, who says the decision to banish the Islamic fundamentalists for up to two years is final.

Israel insists that the Palestinians are now Lebanon's responsibility. But Lebanon refuses to allow them onto territory fully under its control.

Neither country is letting international agencies bring emergency aid to the Palestinians, who have spent the last three weeks in a tent camp between Israeli and Lebanese army checkpoints.

Visiting reporters say that conditions there are harsh but that the exiles are getting by on food and water smuggled in by local villagers and guerrillas of Hezbollah, the Islamic Party of God.

The humanitarian aspect of the crisis is the one area in which some flexibility has been shown, with Israel announcing Thursday that it would let two Red Cross representatives pass through its territory to visit the Palestinians and assess their situation.

The officials, one of them a physician, were supposed to go by helicopter to the camp Friday. But storms that swept the region made it impossible to fly, forcing a postponement until Saturday.

Although the Israeli government describes the Red Cross mission as a one-time gesture, officials do not rule out additional measures, including cooperation on bringing back 10 Palestinians who Israeli says were deported by mistake.

By slightly easing its stand, Israel hopes to soften Mr. Boutros Ghali's eventual recommendations to the Security Council on what steps to take next. In that vein, Mr. Peres cautioned Mr. Gharekhan that further anti-Israel actions could make a victim of the peace talks.

A Foreign Ministry spokesman, Eviatar Manor, said, "We feel it would make it difficult for the Arabs to go."

Israeli officials say they are confident for now that Syria, Jordan and Lebanon will all show up for the next round of negotiations in Washington, which are as yet unscheduled but are targeted for next month. They predict that the Palestinian delegation also will go despite its repeated warnings that the deportations have put the talks in jeopardy.

10 Killed in Crash in France

GRENOBLE, France — Ten people were killed and four injured, two of them seriously, when a tank-truck ramed into a line of cars waiting at a red light in La Combe des Eparres, near this French Alpine city, the police said Friday.

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INTERNATIONAL **Herald Tribune**

Ground Rules for Somalia

U.S. forces in Somalia operate under a confusing mandate in ever more perilous circumstances. The perils were underscored Thursday when machine gunners attacked the camp of Mogadishu's treacherous warlord Mohammed Farrah Aidid. But this time, the fiercest since Americans landed, signal a more aggressive stance on seizing weapons? There was confusion earlier in the week on just what weapons should be taken from the warring gangs that prey on a stricken people. At first, seized weapons were returned to their owners; now there is a different rule. "If it's American-made and I see it, it's mine," a marine sergeant told The Washington Post. "I can't touch an AK-47, I wish I could. But if it's American, it's mine."

more enforceable policy, than the made-in-America instructions. Until heavy weapons are seized, or "collected," there cannot be the "secure environment" for delivering food—the avowed goal of Operation Restore Hope. These heavy weapons are the very sinews of power. They terrorize civilians and murder relief workers. Their presence is also a reminder of the superpower rivalry that led Washington and Moscow to send huge supplies of arms to a crafty Somali tyrant who first tilted East, then West. The handover of these weapons to the U.S.-led coalition is a necessary condition for social peace. Washington has no wish to favor any leader or faction. The logical corollary is to collect or seize heavy weapons from all clan armies. An offer to swap farm implements or other goods for weapons might speed this process. Clear marching orders are needed. At West Point, President George Bush struggled inconclusively this week to establish general principles for armed intervention. But in Somalia, the United States has flunked the simplest test of defining rules of engagement on the ground.

His Promise Is Broken

Twelve days before the inauguration, we may be able to predict the fate of Bill Clinton's promise to free American government from the grip of special interests: Broken from Day One. The questioning of Ron Brown by the senators reviewing his fitness to be secretary of commerce was a bipartisan disgrace. The Republicans on the committee joined with Mr. Brown, the chairman of the Democratic Party, in a public compact to make Washington safe for Mr. Brown's law firm, Patton, Boggs & Blow. Many Democrats have accused Washington reporters of pulling punches when it came to influence-peddling in the Reagan and Bush administrations. Let the record show that the press did a fine job of penetrating this Senate hoax. Keith Bradsher of The New York Times reported Mr. Brown's refusal to recuse himself from the full range of matters involving the Japanese companies that have retained Patton, Boggs & Blow to lobby for them in Washington. Mr. Bradsher also documented the hiring of Mr. Brown's son, Michael, by a lobbying firm that represents Japanese clients, and Mr. Brown's failure to say how he would resolve family conflicts of interest. Throughout the Reagan and Bush years, Democrats were upset when businesses and lobbying firms hired the relatives of high-ranking Republicans. Do they own it? It is unreasonable to ask how a cabinet secretary will handle potential professional and family conflicts? To ask the question does not insult the integrity of father or son. It simply says that Mr. Clinton promised a stricter standard and this is not it. Bob Davis of The Wall Street Journal reported on the veil of secrecy that Mr. Brown has dropped over his activities. The omniscient seemed surprised by a committee request for a copy of his partnership agreement from Patton, Boggs & Blow. Mr. Brown indicated the agreement might show

that the firm owes him a \$1 million "golden handshake" when he resigns on Jan. 20. Yet Mr. Brown proposes to recuse himself for only one year from dealing with the firm's clients. Any recusal that does not last his full tenure at Commerce insults every voter who believed Mr. Clinton's pledge to halt even the appearance of special dealing. Mr. Brown's presentation was, potentially, a critical moment in the ethical history of the Clinton administration. It amounted to an open declaration that companies with strong Democratic connections reserve the right to continue the attitude of greed that prevails in Washington. Only this time it will be the Democrats eating the fat. Where were the Republicans? Senator Bob Dole, the minority leader, asserted that the election had given him a mandate for vigorous opposition. On Wednesday he seemed to abandon that mandate. Earlier, Trent Lott, Republican of Mississippi, promised to pin down Mr. Brown about his representation of foreign businesses and governments and whether he could now separate himself from the financial interests of his clients and law firm. Instead of baying after principle, Mr. Lott wound up yapping along behind the Democratic parade. He did not bother to ask Mr. Brown about his fund-raising as Democratic Party chairman or how he would ensure that there is no special treatment for the party's big contributors. Ron Brown told the Senate an astonishing thing Wednesday. He will adhere, he said, to conflict-of-interest rules that are more lax than those voluntarily adopted by Bush administration officials. Bill Clinton needs to give new instructions to his cabinet appointees before these hearings continue. If necessary, he should find new appointees to replace those who demonstrate greater allegiance to their private trades than to the president-elect's promise to the people.

A Final Numbers Game

The Bush administration's last official word on the budget was as manipulative as all the rest. A departing administration's final budget is traditionally an inflated wish list, a political marker, meant to make it look good to the voters in retrospect and to make its successor seem at once ungenerous and fiscally irresponsible. The Bush people did not do this year. They might be inclined to say, good for them. What they produced instead purported to be a neutral and even constructive document merely projecting what spending, receipts and the deficit would be for the next five years under current law. It would be just a benchmark, a simple standard against which to judge the policies of the next administration. But then they moved the standard, again, to understate the likely long-term deficit by \$50 billion or more. This year the likely deficit will be \$327 billion, the document says, and by 1995 it will have declined to about \$230 billion. Then it will start back up, but never again in the estimating period will it be as high as it is now. The trouble is that the Bush people keep it from getting that high only by assuming that the one-third of all spending subject to the appropriations process will be frozen through 1998, whereas present law would freeze it only through 1995. The projections are based not on current law but on what

would be, in real terms, a sizable cut beyond those provided for under that law. The forecasting game has two results. The Republican legacy does not look as bad as it otherwise would, and whatever progress the Clinton administration makes in reducing the deficit will not look as good. He only got the deficit down to where we already had it, the Republicans will say. There is some moving of goal posts with regard to solutions to the deficit as well. The policy prescriptions sound much bolder than they are. In fact, they do little more than restate the problem. There is hardly a word about the tax side of the budget, including the familiar tax cut provisions—exclusion of employer-paid health insurance premiums, mortgage interest deduction and the rest—that contribute so much to the deficit. Richard Darman, the budget director, is not content with that; he takes the further step of lecturing his successors-to-be on the inadequacy of their solutions. "The math does not work," this connoisseur of dysfunctional numbers says of the Clinton promises to reduce the deficit while increasing "investment" without a further tax on the middle class. He is right, of course; the math does not work. It has not worked for four years now. It is a mess that Bill Clinton inherits; no gloss disguises that.

Other Comment

Clinton and Haiti

From Somalia to Iraq, Bill Clinton will have more than enough foreign problems to deal with once he becomes president. But a key foreign policy test for his administration is shaping up closer to home, in Haiti. U.S. immigration specialists fear a renewed surge in the migration of Haitians will occur after the inauguration. To avoid that, Mr. Clinton's office will soon issue a formal statement emphasizing that his administration intends to fully enforce U.S. immigration laws, while trying to expedite

asylum appeals for those Haitians who claim to be political refugees. The next administration should still have the Coast Guard intercept Haitian boats, but instead of sending the passengers home it should take them to new refugee centers in the Caribbean. Mr. Clinton should ask the UN High Commissioner on Refugees to help set up those camps. He should restate U.S. support for Jean-Bertrand Aristide, the ousted president, and express American determination to not cooperate with any Haitian government that does not include him.

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They'll Push Clinton Onto the World Stage

By Jim Hoagland

WASHINGTON — The best-kept secret of the transition has been President-elect Bill Clinton's quiet but detailed attention to the foreign crises he will inherit on Jan. 20. Mr. Clinton has worked hard on the substance of foreign policy—and on keeping his efforts out of public view—as he has prepared his move to Washington. Behind the scenes in Little Rock, Arkansas, Mr. Clinton has conducted several extended exchanges with Boris Yeltsin, including discussion of an aborted get-acquainted meeting in Seattle. The president-elect has listened to Prime Minister John Major of Britain on the escalating tragedy in Bosnia, and sought political and psychological assessments of Slobodan Milosevic from those who have studied the Serbian leader. This transition pattern of deep but low-profile personal involvement in foreign affairs is likely to carry over as a distinguishing characteristic of the early months of the Clinton presidency. Mr. Clinton's innate caution, and a clear-eyed calculation about the nature of the mandate he received on Nov. 3, shape this style. The president-elect and his advisers are aware they must make an early, convincing display of delivering on Mr. Clinton's promises to focus on economic and social renewal at home. This translates into an unusual initial downplaying of his involvement in foreign affairs and a minimum of presidential foreign travel and meetings with world leaders in Washington this year.

This low-profile presidential diplomacy will dismay world leaders who want to express their views directly to Mr. Clinton this spring, before he sets his administration's priorities and policies in concrete. But Mr. Clinton is determined not to operate as did the defeated George Bush, who antagonized voters by vaunting his foreign achievements at a time of domestic recession. The contrast will show up early. Mr. Clinton is a nonstop gatherer of information and suggestions, and a master at reaching out to touch (and stroke) anyone in range. He is a strong candidate to spend as much time on the telephone to other members of the global leaders' club as did the famously dim-prone Mr. Bush. But the calls are not likely to be trumpeted by Mr. Clinton's aides to the press corps, if the transition period is a reliable guide. Mr. Clinton has not been able to avoid all public involvement in foreign affairs. He honored the tradition of a meeting with Mexico's president on U.S. soil during the transition, and he has voiced public support for Mr. Bush's moves in Iraq and Somalia. Mr. Yeltsin's most recent direct bid to Mr. Clinton for a summit meeting soon after the inauguration also became public. But these have been exceptions forced on Mr. Clinton rather than opportunities sought by him. The president-elect is painfully aware that his intentions to walk softly on foreign affairs early in his

term could be disrupted by events in Russia, Somalia, Iraq or elsewhere. The strong possibility that 100,000 people could die from cold, hunger and continued fighting in Bosnia in Mr. Clinton's first months in office has weighed heavily in his recent conversations with his advisers and with Mr. Major. So has Mr. Milosevic's continued flouting of the United Nations' resolutions banning Serbian military flights. Mr. Clinton is known to feel that the Bush administration erred in publicly advertising its unwillingness to act with force to stop Mr. Milosevic's brutal grab for power and land in ex-Yugoslavia. This abandoning of empathy about American intentions is a mistake Mr. Clinton does not intend to repeat. But finding a political solution to



If Hitler and Churchill Had Divided Up the World

By William Pfaff

PARIS — An explosion of some magnitude has been set off in London by the suggestion that Churchill should have settled with Hitler in July 1940 or June 1941, and that by failing to do so he bankrupted Britain and destroyed Europe. John Charmley, a scholar in his 30s and an acknowledged authority on British political history of the period, argues in a new book called "Churchill: The End of Glory" just out in London, that Churchill was a political gambler obsessed with defeating Hitler, who should have settled with Germany after the fall of France, in July 1940, when Hitler indicated a willingness to do so, or the following spring, when the Italians had been defeated in Africa, Japan had not yet entered the war, and Hitler was preparing his invasion of Russia. This argument is endorsed by the rambunctious former defense minister in John Major's government, Alan Clark, who is also a military historian and author of an excellent and debunking study of British generals in World War I, called "The Donkeys." Mr. Clark says "there were several options. A rational leader could have got first reasonable, then excellent, terms from Germany," and that by not doing so Churchill submitted Britain to "immense and punitive bor-

rowings from the United States," betrayed the confidence and wasted the soldiers of the Commonwealth, and left the empire "terminally damaged." Mr. Clark says German and Soviet states should have been left to destroy each other. His critics suggest that Russia's resources might have been conquered by Germany, which for the past 50 years would then have been a superpower indeed. Those critics also say that Hitler would never have kept the bargain with Britain. Yet one must remember Hitler's racial obsession. He was not a German nationalist but a Nordic racist; he believed that the Nordic people, including the Scandinavians, Dutch and British, as well as the Germans, were destined to rule over the "inferior" Slavs of Eastern Europe and the Soviet Union, and the Mediterranean peoples. Italy presented a problem in the latter case, but as Italy was an ally and Mussolini the inventor of fascism, an imperial Italy was admitted to membership among the superior races. It is on the record that Hitler resented, but also failed to understand, the unwillingness of Britain to make a global settlement in 1940, leaving Germany to dominate Europe, Brit-

ain to keep the seas and its own empire of "inferior" races. It is by no means sure that he would have gone back on the bargain with Britain. It has always seemed to me an unsustainable argument that German victory would have made Europe forever Nazi. Nothing is forever anything, particularly when a system rests on oppression and lies, and is as brutally criminal and as intellectually empty as Nazism. Marxism was much more sophisticated, and we have just seen the Soviet Union collapse of its inner emptiness and perpetuated injustices. It seems to me reasonable to think that the same thing would have happened to a Nazi Europe. We can be grateful that we were spared the opportunity to try out this hypothesis. A Nazi empire's racial purges and Fascist defiance of moral limits would have left ruins far greater than the physical destruction that was the outcome of the war. But it seems to me that Professor Charmley and Mr. Clark take a very romantic view of the British Empire of 1940-41 to think that it would have been capable of so large a cynicism as required by a deal with Hitler. It is also a considerable assumption to believe that Britain's leaders

However They Say 'Never Again,' We Should Applaud

By A. M. Rosenthal

NEW YORK — For the past few days, I have been experiencing a political sensation new to me — flashes of sympathy for the German government. In late November and December, Chancellor Helmut Kohl, backed by German parliamentary leaders, took an important step to try to control the wave of Nazi killings, beatings, burnings and riots. Kohl also wrote about how "deeply disturbed" they were that the Nazis had been banned. He said that was "casting too broad" a net, would turn bigots into victims, drive the Nazis underground and create a more attractive home for the "unstable and insecure who are drawn to such groups." This is a good time for Westerners involved in the struggle for human rights to look at the whole issue straight and openly. The Nazis who carried out the crimes will not stop hating, out stop killing, working and hoping for a new

government have one overriding human right to protect — the right of Germans and others to be protected from any danger of repetition of the hellish history of Germany itself. Legal action against Nazis is permissible under German law, which recognizes that duty — the obligation that made Germany even theoretically acceptable again among civilized nations. Would I support banning Nazi parties in America? No — because it has had the God-sent and man-protection good fortune not to have lived under or created Nazism. But yes, absolutely yes, I would support a ban if the United States had ever been so stricken, so evil, as to have chosen a Nazi government, if it had turned over into a country where the government had slaughtered all men, women and children whose religion or skin color made them officially unfit to live — slaughtered them while most other Americans stood by, or cheered. It seems faintly obscene for Americans so blessed by accident of birthplace as not to have lived under Nazism to denounce any Germans who now use every legal weapon against those who fight to reconvert a hell on earth. The least the rest of us can do is to recognize and applaud those Germans who say "never again" by marching in the streets against Nazis and those who say it by taking all available legal action against them. Democracy need not be a suicide pact — or the gateway to the gas chamber. But we remember that it can be both — don't we?

Hitler because the two parties are banned. But the argument that being banned will automatically help the Nazis is full of moral and political holes. The banned parties provided inspiration and backing for the Nazi outrages that have shocked Germany and the entire West. Banning the parties conceivably could slow them down. At least it might save the lives of some of the foreigners the Nazis might otherwise have killed or terrorized. The kind of people attracted to Nazism — there is no such thing as neo-Nazis, just plain Nazis — take courage from the organized killer-pack and political cover that Nazi parties give them. They are bullies and killers, not just insecure creatures. They are attracted and strengthened by the uniforms, paraphernalia and the protection the parties give them. About the rights issues: German

For a Real German-Jewish Dialogue

By Robert B. Goldman

BONN — A recent gathering in Los Angeles brought together Germans and American Jews. They discussed the violence of the far right in Germany; and they unwittingly pointed to what is missing in their dialogue. The German participants were government officials, journalists, Bundestag members and a banker. On the Jewish side were professionals and lay leaders of major Jewish organizations. The meeting opened with a factual account of the far-right scene in Germany. This was followed by a review of the Kohl government's responses, and of legal complexities that inhibit tough police and judicial action. Then came responses and questions from the Jewish representatives. They wanted more detail about these legal obstacles to tougher action. They wanted to know to what extent these were responsible for Bonn's delays in taking effective leadership. The Jewish speakers welcomed the huge demonstrations by Germans expressing a commitment to democratic values. But they continued to worry about threats not merely to foreigners and Jews but to Germany's democratic structure. As the discussion proceeded, a growing difference emerged in tone and approach. Expressions of Jewish concern focused on the far-right movements and spreading violence; on similarity with the Weimar Republic and its ineffectual response to the growth of the Nazi movement. Yes, Jewish speakers conceded, this was not the 1930s, but still... On the German side, the speakers were often defensive, while attempting

to calm Jewish fears. Mr. Kohl's strong statements against the far right were cited, along with a declaration of "solidarity with our citizens of the Jewish faith." Recent measures, including the banning of far-right parties, the tightening of police cooperation and a decision to deprive arsonists and other perpetrators of violence of their civil rights were noted. It came down to this: "Please, believe us, it's not 1932, and there were a million people on the street committed to democratic government. We understand your concerns..." Here, in short, were thoughtful, well-informed people, engaged in dialogue in a relaxed setting — but separated by an invisible wall. It was pieced briefly by one participant who found some Jewish comments unacceptable. "I feel attacked every time I talk with Jews," he said. "But what can I do? I can't bring the dead back to life. And yet I somehow feel that I am held responsible. We need an honest dialogue, where we can really tell each other how we feel." He was on target. Germans and Jews must meet in Germany. (The Jews should be from Germany and other European countries, as well as from America.) They should engage each other to let the fire inside the Jews get out, and to let the Germans articulate the irritations that many feel about the burden of the past. German anti-Semitism, old or new, needs to be exposed, as do the anti-German feelings of Jews.

Even if the Bosnian parties accept his draft, it will be meaningless unless the West is prepared to enforce the terms. And that means American leadership. There is no way to escape the responsibility. The responsibility will be Bill Clinton's, and it should be his first foreign policy concern on taking office: to make clear to the Serbs that if they do not end their siege of Sarajevo and other military attacks, he will call for the use of force. Appealing aggression exacts too terrible a price. The New York Times.

Don't Ratify The Serbs' Aggression

By Anthony Lewis

BOSTON — Cyrus Vance is one of the great American public servants of recent decades, a man of courage and unwavering honor. But I and some others who admire him are increasingly puzzled by where he is going in his search for a negotiated end to the war in Bosnia. Mr. Vance and Lord Owen of Britain are co-chairmen of a Geneva conference on the conflict. When the latest session adjourned this week, they flew to Belgrade to ask the Serbian president, Slobodan Milosevic, to help bring about peace. Afterward Mr. Vance said that Mr. Milosevic had promised "he would do everything possible." A promise from Mr. Milosevic? He promised last summer to turn heavy weapons over to the United Nations — and has done nothing about that or a dozen other promises. He started the Serbian aggression in Bosnia and elsewhere. Secretary of State Lawrence Eagleburger has listed him as a possible war criminal. The same Mr. Vance asked Mr. Eagleburger not to meet the president of Bosnia, Alija Izetbegovic, who is visiting the United States. Mr. Vance feared that such a meeting might upset his negotiating efforts. A small thing, one might believe. But the president of the symbol. Here is been cruelly attacked, 100,000 of its people killed, 1.5 million driven from their homes, thousands of women raped. And American officials should refuse to meet him? Mr. Eagleburger at first said he would not see Mr. Izetbegovic. But he changed his mind when the story got out, no doubt because it looked so shameful. The suggested scolding of Mr. Izetbegovic matches what seems to be happening in the peace negotiations. The Bosnian Muslims, the largest group in the country and the victims of Serbian aggression, are essentially being pressed to accept the results of the aggression, thinly disguised as a political solution. The draft agreement put forward at Geneva by Mr. Vance and Lord Owen would divide Bosnia into 10 autonomous provinces. There would be a theoretical Bosnian state, but the agreement does not describe it as "sovereign." The agreement calls on those who have heavy weapons — that is, the Serbs — to put them where they can be "monitored" by the United Nations. But there is no effective enforcement mechanism. There is no provision for protection of minorities in the various provinces. A special court would investigate alleged war crimes, but it would have no power to impose penalties. With an agreement like that, what Bosnian Muslim would return to a province from which the Serbs had driven his family and butchered his friends? In effect, the Serbs will have accomplished the aim of their murderous "ethnic cleansing." Yet Mr. Izetbegovic and his colleagues have gone far toward accepting the agreement. They are negotiating with a superior Serbian force, represented at the table by another accused war criminal, the Bosnian Serb leader Radovan Karadzic. If they say no, what hope do they have that anyone will save them from utter destruction? Why would Cy Vance be pressing the victims to accept such an arrangement? My guess is that he thinks it is the best he can do for the victims, something that may at least stop the killing in Bosnia. But to come to that conclusion is to ratify aggression. For a year now Western Europe and the United States have appeased Mr. Milosevic and his killers, refusing to draw it too late to expand further. But I fear that he has let himself be drawn further and further into negotiation for negotiation's sake. American resolve will be essential no matter what the outcome of Mr. Vance's efforts. Even if the Bosnian parties accept his draft, it will be meaningless unless the West is prepared to enforce the terms. And that means American leadership. There is no way to escape the responsibility. The responsibility will be Bill Clinton's, and it should be his first foreign policy concern on taking office: to make clear to the Serbs that if they do not end their siege of Sarajevo and other military attacks, he will call for the use of force. Appealing aggression exacts too terrible a price. The New York Times.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1893: A League Apart

LONDON — Mrs. Stannard announces in today's [Jan. 9] Morning Post that she is forming a "No Crinoline League," and the tone of her letter indicates that she means business. Crinolines she denounces as unsightly and dangerous, and fears them coming into fashion. Women, she says, are not arbiters of fashion. "These things," she says, "are ordered by a small clique of men." She is issuing pledge cards to anti-crinoline leaguers.

1918: Great Expectations

LONDON — England expects that the Germans will make a big offensive on the western front, but she has been told by sources which may well be betrayed official that Germany cannot possibly rally sufficient strength to mirror the Allies' line. Men who usually speak with the highest authority assert that winter will give its end upon a defeated but still pow-

erful German army; that the Allies will be able to drive ahead by slow stages as soon as spring thaws the earth. And that, with the coming of American troops the blow will be dealt that will crush Germany and end her dreams of world domination.

1943: Bizerte Is Bombed

ALLIED HEADQUARTERS IN NORTH AFRICA — [From our New York edition:] Three waves of Flying Fortresses have subjected the Tunisian naval base of Bizerte to one of the fiercest bombardings of the war, while other Allied planes attacked Tripoli, supply routes to the south and Tunis and Sfax. It was announced today [Jan. 9]. These far-flung blows yesterday, which cost the Allies six planes and the Germans nine, were announced soon after Lieutenant General Dwight D. Eisenhower appointed Major General Carl A. Spaatz, commander of all American and Royal Air Force air operations in this theater.

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THE TRIB INDEX: 88.95

International Herald Tribune World Stock Index of 230 internationally investible stocks from 20 countries, compiled by Bloomberg Business News, Jan. 1, 1992 = 100.

1/9.93 close: 88.95
Previous: 89.51

The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden and Switzerland. In the case of Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization. In the remaining 17 countries, the ten top stocks are tracked.

Region	Approx. weighting	Close	Prev.	% change
Asia/Pacific	25%	82.33	83.25	-1.08
Europe	40%	90.21	90.77	-0.62
N. America	35%	94.14	94.35	-0.22

Industrial Sectors	1/9.93	12/8.93	% change
Energy	91.13	91.91	-0.86
Utilities	85.91	86.73	-0.82
Finance	81.17	81.72	-0.67
Services	100.04	100.77	-0.72
Capital Goods	88.87	89.80	-1.04
Raw Materials	91.24	92.01	-0.84
Consumer Goods	89.22	89.34	-0.13
Miscellaneous	83.87	84.92	-1.00

For readers desiring more information about the International Herald Tribune World Stock Index, a booklet is available free of charge by writing to: Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France.

Japan's Slump Hits U.S. Exports

By Paul Blustein
Washington Post Service

TOKYO — Japan's recession has resulted in its first decline in purchases of U.S. goods in seven years.

In the year since President George Bush arrived here on a high-powered trade mission vowing to create "jobs, jobs, jobs" in America, imports from the United States, which soared 83 percent from 1986 to 1991, dropped 2.6 percent in the first 11 months of 1992.

The downturn in the Japanese economy poses a problem for Bill Clinton, elected on the promise of reviving the U.S. economy.

Japan is extending voluntary restraints on car exports to the United States. Page 13.

because slowed economic growth in Japan means reduced demand for U.S. exports.

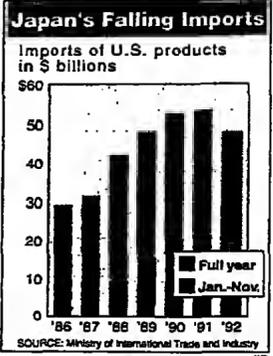
The explanation, according to analysts in both countries, has little to do with Japan's performance in living up to specific trade agreements. In fact, gains have been made in areas subject to agreements, such as auto parts and paper.

The problem lies in the overall performance of the Japanese economy.

To create jobs, it is necessary to generate growth. The Japanese authorities, who had promised Mr. Bush that they would take steps to ensure a healthy expansion last year, instead allowed the nation to slip into its worst recession in two decades.

As a result, demand for all sorts of foreign products has declined and U.S. companies selling goods ranging from furniture to machinery to camping equipment have suffered.

"The Japanese government was slow in its prognosis about the Japanese recession," said Noboru Hatakeyama, vice minister of the Ministry of International Trade and Indus-



U.S. exports to Japan, improving the overall condition of Japan's economy may prove just as important as correcting the problems U.S. manufacturers have gaining access in specific markets, if not more so.

"Clinton ought to put pressure on Japan to stimulate domestic demand," said Peter Morgan, chief economist at Merrill Lynch & Co. in Tokyo.

The sorry state of the Japanese economy, while in some ways beyond the government's control, reflects the nonfulfillment of a major agreement struck during the Bush visit.

The U.S. president and Prime Minister Kiichi Miyazawa jointly produced a "Strategy for World Growth," in which Tokyo pledged to enact some spending measures to boost the economy and monitor the results "to assure that the expected effects are realized." The growth rate target for the fiscal year that ends March 31 is 3.5 percent.

But the economy, weakened by a plunging stock market and soaring bank loans, has fallen far short of that. In the first two quarters of the fiscal year, the economy actually contracted, and the government recently acknowledged that the economy probably will limp along at about a 1.6 percent rate for the full 12-month period. Worse yet, domestic demand appears to be barely growing at all.

The government introduced an \$86 billion spending package in August aimed at pumping up growth. Impressive as the amount was, it came only after repeated warnings by private analysts and business executives that the economy had deteriorated much further than authorities realized. Moreover, the legislature did not approve the package until December.

Despite the slump, U.S. officials and executives say Japanese companies appear to be making genuine efforts to establish more extensive business ties with U.S. suppliers.

Slow Job Growth Last Month Puts Onus on Clinton

By Lawrence Malkin
International Herald Tribune

NEW YORK — The U.S. government reported Friday only slow growth in new jobs last month, making it more likely that Bill Clinton would seek to stimulate the economy just enough to help fulfill his campaign pledges.

Although the unemployment rate remained steady in December, the pace of job creation slowed, especially in manufacturing. The November employment figures were revised downward as later information came in from small business showing it was expanding less than previously estimated.

For December, total nonfarm employment increased modestly, by 64,000. Job growth in November, originally reported at 105,000, was revised downward to 76,000. November's unemployment rate was revised up by one-tenth of a point to 7.3 percent, and there it remained last month.

Moreover, most of December's job growth was concentrated in the runaway health-care sector and miscellaneous business services. Much of the latter represents contract or nonstaff hiring to avoid taking on permanent new office and professional staff who can cause overhead costs to balloon through employer-paid medical insurance.

Friday's weak figures left the bond market schizophrenic. It welcomed a slow economy to depress interest rates, but as one trader said, it also feared the new administration "will start acting like Democrats again" and stimulate the economy through a larger deficit that would raise rates.

Wild trading left the prices of long-term Treasury bonds slightly lower and they closed yielding a higher interest rate, 7.46 percent.

The stock market, reacting largely to the weaker bond prices, declined in heavy trading. (Page 10)

The dollar receded in early trading after the employment number disappointed investors' hopes of a stronger economy. But by the end of the day, the dollar had begun moving up again, and it closed broadly higher.

"Jobless prosperity" is what Neal Soss of First Boston labeled the economic situation. As a result, said Allen Sinai of Boston Co., the administration of President-elect Bill Clinton "now faces the problem of stimulating the economy, and the only issue now is not whether but how much."

Mr. Clinton called his economic advisors to Little Rock, Arkansas, this week to discuss just this question, on which he must decide soon in order to send an early legislative package to Congress mixing short-term relief for the economy with long-term deficit reduction. He had already said he would delay his decision for the latest possible employment figure was one of the most important.

Service jobs rose 68,000 in December, but manufacturing created only 3,000 new jobs, while November's growth in factory jobs was revised downward by 10,000 to 25,000. Government lost 45,000 workers hired temporarily for the November elections, which meant that private employment created more jobs to make up the slack — 86,000 to be exact, but far less than needed to make progress against the 1.7 million jobs lost since the recession began two and a half years ago.

Despite market fears, however, a major stimulus is not in the cards. Clinton advisers have been talking about \$20 billion in tax credits toward the purchase of new machinery, a boon to small business, and another \$20 billion for new roads and bridges. That money is unlikely to increase wage inflation after 600,000 construction workers have lost their jobs because of the commercial real estate collapse. Hourly earnings in all jobs actually shrank by 0.1 percent last month.

Mr. Soss believes that Mr. Clinton's modest stimulus proposals are not likely to create many new jobs because employers have "a fixation" on rising health care costs and will not start taking on permanent workers until the link is somehow broken between employment status and health care.

Punt Stays Under Pressure as Franc Eases

Compiled by Our Staff From Dispatches

LONDON — Speculative pressures continued to buffet the European Community's weaker currencies in the wake of Germany's modest rate cut, as the Irish punt languished at the bottom of the EC currency grid Friday while the French franc failed to hold early gains.

For much of the day, the punt seeped around 2.9510 guilders, the lowest permitted level against the strongest currency in the EC's exchange-rate mechanism, before closing below its floor level for the second straight day.

In late European trading, the punt was quoted at 2.9475 guilders.

The punt was pressured despite more denials from Dublin that a devaluation was planned. "We are not seeking a realignment of the system," government spokesman said. "We are also firmly against the unilateral devalu-

ation of the punt — we just don't want to go down that road."

Ireland doubled its overnight lending rate on Thursday to 100 percent to support the punt, but most currency analysts continued to say it was only a matter of time before a devaluation. "It's a question of whether it's going to be this weekend or they wait until a new government is formed next week," said Adrian Cunningham, economic adviser at Bank of America in London.

The punt also traded below its floor level against the Belgian franc, even though the Belgian central bank intervened to support the punt and said a devaluation was unlikely before the new Irish government takes office.

After two months of negotiations, Prime Minister Albert Reynolds's ruling Fianna Fail Party is expected to form a coalition with the

opposition Labor Party and win parliamentary approval for a new government Tuesday.

The franc rose on one point to 3,3982 to the mark, benefiting from the Bundesbank's move on Thursday to lower its rate on securities repurchase agreements, a bellwether for short-term rates, to 8.6 percent from 8.75 percent.

Still, the franc eased later to end the day around 3.4025, a shade weaker than 3.3979 at the close Thursday.

In Oslo, meanwhile, the Norwegian government formally repealed a 1990 resolution pegging the krona to the European currency unit and said the krona would continue to float indefinitely. When Norway let its currency drop in the midst of speculation on Dec. 10, it had set a time limit of 30 days to reestablish the link.

(Reuters, Bloomberg)

ECONOMIC SCENE

Sniping at Clinton's Team From a Profession Scorned

By James Risen
Los Angeles Times Service

WASHINGTON — The professional jealousy drips from the telephone receiver like battery acid as the speaker, a prominent economist, speaks of Robert B. Reich. "If you had a nasty mind, you might think that a man without any professional credentials was so insecure about it that he was trying to keep those with genuine professional credentials out."

This economist is a leading talent in academic circles, a rising star who once had high hopes for a senior post in the administration of President-elect Bill Clinton. To his dismay, he has been shut out.

For that, he blames Mr. Reich, a Harvard lecturer and writer who has been overseeing economic policy for Mr. Clinton's transition team and who is Mr. Clinton's nominee to be secretary of labor. A lawyer by training, Mr. Reich nonetheless is the intellectual guiding light behind Mr. Clinton's economic agenda. And it galls economists with impeccable academic credentials that an interloper has been handed so much authority.

The backbiting does not end with Mr. Reich. Economists were even more stunned when Mr. Clinton turned to a rebel within their own ranks, the Berkeley professor Laura D'Andrea Tyson, to chair the Council of Economic Advisers, an institution that they believe should act as the profession's de facto embassy in Washington.

Envy, Petty slights. It's not a pretty sight. But ever since the election on Nov. 3, campus politics have collided with presidential priorities, creating turmoil within the normally placid world of professional economics and offering a revealing glimpse of an unusual professional subculture.

The problem, as economists see it, is that the first new president in at least a generation to put economic policy at the top of his agenda has given short shrift to their profession and their ideas. Leading economists have watched in quiet fury while Mr. Clinton has turned to noneconomists like Mr. Reich and mavericks like Ms. Tyson to develop his campaign program, run his transition policy operation, and fill top posts in his administration.

"They were hoping that Clinton would be a reincarnation of John

Torras Suit Alleges Crimes by Ex-Officers

Madrid — Lawyers for Grupo Torras SA, the Kuwait Investment Office's holding company in Spain, filed a lawsuit Friday against seven former executives alleging fraud and other crimes the lawyers said led to losses of more than 100 billion pesetas (\$870 million).

A statement issued by Torras said the lawsuit sought a precautionary freeze on assets owned by the executives involved.

The suit alleges crimes of falsifying mercantile and public documents, fraud, manipulating prices and tax evasion.

The former executives named in the suit include the KIO's former general manager Fouad Jaffer, who resigned in January 1990; its former chairman, Fehad al-Sabah; and the Catalan financier Javier de la Rosa, deputy chairman of Torras until the end of last May.

A Torras spokesman said the case was being handled by Judge Miguel Morales of the High Court.

Grupo Torras built up significant interests in chemicals, food, paper, real estate and textiles during the late 1980s.

Mr. de la Rosa said on Friday the charges in the writ were without foundation. "We have done nothing more than follow KIO instructions, and our ac-

HIGH TECHNOLOGY & PROFITABILITY FOR THE 21st CENTURY

London, March 25-26, 1993

MARCH 25

09.00 KEYNOTE ADDRESS
The Rt Hon Lord Young of Grafton, Executive Chairman, Cable & Wireless plc

09.45 THE PEACE DIVIDEND — IMPLICATIONS FOR R&D
Françoise Halabour, Senior Vice President, Strategic Development, Astra Defense & Espace, Paris
Philip Cheney, Vice President, Engineering, Raytheon Co., Lexington, MA

10.45 Coffee

11.15 GENERATING PROFITS FROM NEW TECHNOLOGIES
Moderator: Michael D Uva, Executive Director & Head of the European Technology Group, Morgan Stanley International, London
Reto Braun, President and Chief Operating Officer, Unisys Corp, Blue Bell, PA
Françoise L'Epitastier, Member of the Executive Committee, Citra-Gelky AG
Blaine Davis, Vice President, Corporate Strategy & Development, AT&T, Basking Ridge, NJ

12.45 Lunch — hosted by Unisys, Europe & Africa Division

DOLLARS & DNAs: A NEW CHALLENGE FOR BIO-TECHNOLOGY
Bernadette Healey, Director, National Institute of Health, USA

14.45 HARNESSING BRAIN POWER: THE ROLE OF BASIC RESEARCH
Moderator: Axel Krause, Corporate Editor, International Herald Tribune
Pravesh Chaudhri, Research Scientist, IBM Research Division, Yorktown Heights, NY
Ulrich Seiffert, Member of the Board, R&D, Volkswagen AG

15.45 Tea

16.00 GLOBAL CORPORATE ALLIANCES: DO THEY WORK?
Karlheinz Kaslaw, former President and CEO, Siemens AG
Edward G Krusback, Director, McGraw-Hill & Co., Munich
Konrad Seitz, German Ambassador to Italy, and author of "The Japanese-American Challenge — Germany's H-Tech Industries Fight for Survival"
Senior Executive, Major Japanese Corporation

18.00 Cocktails

MARCH 26

09.00 KEYNOTE ADDRESS
Helmut Riesenhuber, Minister of Research & Technology, Germany

09.30 INVESTING IN R&D: ESTABLISHING CRITERIA FOR PUBLIC & PRIVATE SECTORS
Moderator: Michael Osborne, Head, Science & Technology Policy Division, OECD, Paris
Jürgen Drews, President, International R&O, and Member of the Executive Committee, Roche Group, Nutley, NJ
Edward Leigh, Parliamentary Under Secretary of State for Technology, UK
John Nelson, Vice Chairman, Lazard Brothers, London
Robb Wilnot, Chairman, OASIS Group plc

11.10 Coffee

11.30 THE CONTROVERSIAL ROLE OF SUBSIDIES
Jorma Ollila, President & Chief Executive Officer, Nokia Corporation, Helsinki
EC Commissioner

12.30 TECHNOLOGY TRANSFER & INTELLECTUAL PROPERTY RIGHTS
Moderator: Richard Bates, Director, ICC UK
Martin Fransman, Director, Institute for Japanese-European Technology Studies, University of Edinburgh
Ian A Harvey, Chief Executive, British Technology Group
Boris Saltikov, Minister of Science and Technology, Russia

13.30 Lunch
OUTLOOK FOR HIGH TECHNOLOGY — A PERSONAL VIEW
Wissam Dakkar, Chairman of the Supervisory Board, Philips Electronics NV

15.30 CLOSING REMARKS
Jean-Charles Roubert, Secretary General, International Chamber of Commerce, Paris

Conference Chairman:
Patrick Gilliam, Chairman, ICC UK, Chairman, ASDA Group, and Deputy Chairman, Standard Chartered Bank
Lae W Huelsen, Publisher, International Herald Tribune

REGISTRATION INFORMATION: The fee for the conference is £250 plus 17.5% VAT. This includes lunches, the cocktail reception and all conference documentation. Fees are payable in advance and will be refunded less a £65.00 cancellation charge for any cancellation received in writing on or before March 8, after which time we regret there can be no refund. However, subscribers may be made at any time. We are able to offer a limited number of places at a special rate of £250 plus 17.5% VAT for ICC members.

CONFERENCE LOCATION: Inter-Continental Hotel, 1 Hamilton Place, Hyde Park Corner, London W1. Tel: (44 71) 488 5131. Fax: (44 71) 488 3473.

CONFERENCE SPONSORS:

ICC The World Business Organization
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REGISTRATION FORM: To register for the conference, please complete the form below and send it to: Sarah Whitehead, International Herald Tribune, 63 Long Acre, London WC2, England. Tel: (44 71) 636 4802. Fax: (44 71) 636 0717.

Enclosed is a check for £268.75/£285.00 made payable to the International Herald Tribune Please invoice

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CURRENCY & INTEREST RATES

Jan. 8

Gross Rates

	\$	DM	FF	Yen	Swiss	Jan. 8
Australia	1.04	1.58	1.37	1.37	1.37	1.37
Brussels	33.46	31.6	33.52	4.87	2.31	4.87
Frankfurt	1.49	2.92	2.91	8.97	8.96	8.96
London (G)	1.50	2.92	2.91	8.97	8.96	8.96
Madrid	16.93	17.63	17.68	17.68	17.68	17.68
Nairobi	128.59	274.59	274.59	274.59	274.59	274.59
Paris	1.57	1.45	1.45	1.45	1.45	1.45
New York (D)	5.81	5.55	5.81	5.81	5.81	5.81
Perk	15.30	15.30	15.30	15.30	15.30	15.30
Tokyo	1.28	1.28	1.28	1.28	1.28	1.28
Turkey	1.28	1.28	1.28	1.28	1.28	1.28
Zurich	1.18	0.77	1.40	1.40	1.40	1.40
1 SDR	1.26	0.77	1.40	1.40	1.40	1.40

Clintons in Amsterdam, London, New York, Toronto and Zurich, flights in other centers.
* To buy one pound; £ To buy one dollar; Units of 100; N.A. not quoted; N.A. not available.

Other Dollar Values

	Per \$	Per 5	Per 5	Per 5	Per 5
Currency	219.28	219.28	219.28	219.28	219.28
Argentine peso	8,991	8,991	8,991	8,991	8,991
Australian \$	1.491	1.491	1.491	1.491	1.491
Belgian franc	11.52	11.52	11.52	11.52	11.52
British £	1.50	1.50	1.50	1.50	1.50
Canadian \$	0.7274	0.7274	0.7274	0.7274	0.7274
Chinese yuan	4.774	4.774	4.774	4.774	4.774
French franc	6.55	6.55	6.55	6.55	6.55
German mark	1.55	1.55	1.55	1.55	1.55
Italian lira	2.036	2.036	2.036	2.036	2.036
Japanese yen	109.4	109.4	109.4	109.4	109.4
Spanish peseta	166.64	166.64	166.64	166.64	166.64
Swiss franc	1.45	1.45	1.45	1.45	1.45
Thai baht	5.45	5.45	5.45	5.45	5.45

Forward Rates

	30-day	60-day	90-day	3-month	6-month	9-month	1-year
Forward	1.50	1.50	1.50	1.50	1.50	1.50	1.50
30-day	1.50	1.50	1.50	1.50	1.50	1.50	1.50
60-day	1.50	1.50	1.50	1.50	1.50	1.50	1.50
90-day	1.50	1.50	1.50	1.50	1.50	1.50	1.50
3-month	1.50	1.50	1.50	1.50	1.50	1.50	1.50
6-month	1.50	1.50	1.50	1.50	1.50	1.50	1.50
9-month	1.50	1.50	1.50	1.50	1.50	1.50	1.50
1-year	1.50	1.50	1.50	1.50	1.50	1.50	1.50

Eurocurrency Deposits

	Dollar	D-Mark	Swiss	French	Yen	Jan. 8
1 month	3 1/4-3 1/2	8 1/2-8 3/4	5 1/4-5 1/2	7 1/4-7 1/2	10 1/4-10 1/2	10 1/4-10 1/2
3 months	3 1/4-3 1/2	8 1/2-8 3/4	5 1/4-5 1/2	7 1/4-7 1/2	10 1/4-10 1/2	10 1/4-10 1/2
6 months	3 1/4-3 1/2	8 1/2-8 3/4	5 1/4-5 1/2	7 1/4-7 1/2	10 1/4-10 1/2	10 1/4-10 1/2
1 year	3 1/4-3 1/2	8 1/2-8 3/4	5 1/4-5 1/2	7 1/4-7 1/2	10 1/4-10 1/2	10 1/4-10 1/2

Sources: Reuters, Loyds Bank.
Rates applicable to interbank deposits of \$1 million minimum (for equivalent).

Key Money Rates

	Class	Prev.	Article	Jan. 8
Discount rate	5.00	5.00	Bank base rate	7.00
Prime rate	6.00	6.00	Call money	7.00
Federal funds	2 1/2	2 1/2	1-month interbank	7 1/4
3-month CD	4.00	4.00	3-month interbank	7 1/2
Commercial paper	2 1/2	2 1/2	6-month interbank	7.00
1-year Treasury bill	3.25	3.25	1-year call	8.25
1-year Treasury note	3.50	3.50	LIBOR	
1-year Treasury bond	4.00	4.00	3-month	11.0
2-year Treasury note	4.50	4.50	6-month	11 1/2
2-year Treasury bond	5.00	5.00	1-year	11 1/2
3-year Treasury note	5.50	5.50	18-month	11 1/2
3-year Treasury bond	6.00	6.00	2-year	11 1/2
4-year Treasury note	6.50	6.50	3-year	11 1/2
4-year Treasury bond	7.00	7.00	4-year	11 1/2
5-year Treasury note	7.00	7.00	5-year	11 1/2
5-year Treasury bond	7.50	7.50	10-year	11 1/2
10-year Treasury bond	8.00	8.00	10-year	11 1/2

Sources: Reuters, Bloomberg, Merrill Lynch, Smith Barney, Citicorp, Greenleaf, National Credit, Lloyds.

Gold

	A.M.	P.M.	Ch'ge
Zurich	323.38	323.18	+0.20
London	323.18	323.18	+0.00
New York	323.00	323.00	+0.00

U.S. dollars per ounce. London official fix. Paris, Zurich and New York opening and closing prices. New York Close.
Source: Reuters.

MARKET DIARY

Rising Bond Yields Spur Stock Sales

Bloomberg Business News NEW YORK — U.S. stocks slumped Friday for a second straight day amid concerns about the spurt in Treasury bond yields, traders and analysts said.

N.Y. Stocks

In Treasury yields, said James Solloway, research director at Argus Research.

The Dow Jones industrial average fell 17.29 to 3,251.67, ending the week with a 49.44-point decline.

The stock market's problems were not limited to blue-chip issues. The Nasdaq Combined Composite index slid 0.99 to 677.22.

Declining common stocks outnumbered advancing issues by about 2 to 1 on the New York Stock Exchange. Trading was active, with about 266 million shares changing hands on the Big Board.

The yield on the benchmark 30-year bond has risen 11 basis points in the past two days, to 7.46 percent. The rise in interest rates stems from concern that President-elect Bill Clinton will take steps to stimulate the economy, traders said.

The concerns followed the Labor Department's report that the economy added just 64,000 nonfarm jobs in December.

The decline in stocks is a "normal reaction to a very strong rally that we've had," Mr. Solloway said. The rise in Treasury yields caused investors to focus on the market's peripheral problems such as rising tensions in the Middle East and the former Yugoslavia, and concerns about the economy and earnings, he said.

"Clinton's honeymoon is coming to an end," said Jack Solomon, market analyst at Bear Stearns Cos. Investors are wondering whether Mr. Clinton will renege on his campaign promise to lower the federal deficit, Mr. Solomon said.

Solomon Brothers cut its rating on several energy stocks Friday on expectations that oil and natural gas prices would remain weak.

National Medical Enterprises slumped 1% to 9% following a negative published report.

Telefonos de Mexico declined 1 to 5% as the stock retreated after rising close to a 52-week high earlier in the week.

Mr. Clinton and President Carlos Salinas de Gortari met Friday in Austin, Texas to discuss the North American Free Trade Agreement.

Intel slid 1/4 to 98 3/4 after a three-day rally.

IBM, plagued by a gloomy earnings outlook and concerns about high restructuring costs, fell 1/4 to a 17-year low of 46 1/2.

Tensions in Gulf Boost Dollar Out of Jobs Funk

Compiled by Our Staff From Dispatches NEW YORK — The dollar stumbled on news of lackluster U.S. employment growth Friday but later regained its balance as tensions in the Gulf heightened.

The U.S. currency gained nearly a penny on the day, to close at

Foreign Exchange

1.6475 Deutsche marks, up from 1.6380 DM on Thursday. The dollar had touched a high of 1.6490 in Europe earlier before retreating on the U.S. jobs report to finish virtually unchanged in London at 1.6380.

The Labor Department reported that nonfarm U.S. payrolls rose by 64,000 jobs in December, well below analysts' expectations, while November's rise was revised down to 76,000 from 105,000.

"The number was weaker than people were expecting, and shows we're still in the same old plodding morass," said Robert Brusca, chief economist at Nikko Securities.

Still, the employment report did not dampen dollar enthusiasm for long, and the U.S. currency recouped its losses.

Investors who missed the chance to buy dollars at lower levels are

anxious to buy whenever it weakens on the bet that the U.S. economy is slowly but surely emerging from its recession, they said.

"Almost-universal optimism about the outlook for the U.S. currency means it's sensible to buy on the dips," said Stuart Thomson, economist at Nikko Europe.

The dollar also got a lift from escalating tensions in the Gulf, as Baghdad has rebuffed allied demands to remove anti-aircraft missiles in southern Iraq, traders said.

"I'm surprised the dollar got as low as it did," said Cynthis Stroum, trader at Commerzbank.

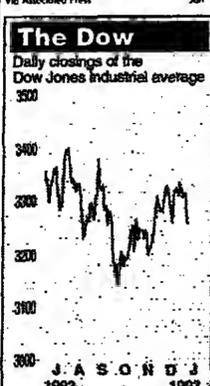
"Iraq hasn't done anything, and people don't want to be short dollars going into the weekend."

The dollar also rose to 125.39 yen from 125.22 Thursday, to 1.5025 Swiss francs from 1.4950, and to 5.6050 French francs from 5.5670.

The pound edged up marginally, to \$1.5315 from \$1.5310.

Barang, an escalation in the Gulf, the dollar probably will trade between 1.62 and 1.65 DM early next week, traders said. If the situation deteriorates, the dollar could advance to 1.66 or even 1.68 by the end of next week, they said.

(Reuters, Bloomberg)



Daily closings of the Dow Jones industrial average 1992

HT

NYSE Most Active

Table listing NYSE Most Active stocks with columns for Volume, High, Low, Last, and Change. Includes stocks like IBM, Intel, and Microsoft.

AMEX Most Active

Table listing AMEX Most Active stocks with columns for Volume, High, Low, Last, and Change. Includes stocks like Amgen and Amgen.

NYSE Diary

Table showing NYSE Diary with columns for Volume, High, Low, Last, and Change. Includes various market indicators.

Amex Diary

Table showing Amex Diary with columns for Volume, High, Low, Last, and Change. Includes various market indicators.

NASDAQ Diary

Table showing NASDAQ Diary with columns for Volume, High, Low, Last, and Change. Includes various market indicators.

Dow Jones Averages

Table showing Dow Jones Averages with columns for Open, High, Low, Last, and Change. Includes Industrial, Transportation, and Utility averages.

Standard & Poor's Indexes

Table showing Standard & Poor's Indexes with columns for High, Low, Close, and Change. Includes Industrial, Transportation, and Utility indexes.

NYSE Indexes

Table showing NYSE Indexes with columns for High, Low, Close, and Change. Includes Composite, Industrial, and Financial indexes.

NASDAQ Indexes

Table showing NASDAQ Indexes with columns for High, Low, Close, and Change. Includes Composite, Industrial, and Financial indexes.

AMEX Stock Index

Table showing AMEX Stock Index with columns for High, Low, Close, and Change.

Dow Jones Bond Averages

Table showing Dow Jones Bond Averages with columns for Class, High, Low, and Change. Includes 20 Bonds, Utilities, and 10 Industrials.

Market Sales

Table showing Market Sales with columns for NYSE 4 a.m. volume, NYSE 9:30 a.m. volume, and NYSE 4 p.m. volume.

N.Y.S.E. Odd-Lot Trading

Table showing N.Y.S.E. Odd-Lot Trading with columns for Buy, Sell, and Short. Includes dates from Jan 7 to Jan 10.

S&P 100 Index Options

Table showing S&P 100 Index Options with columns for Month, Call, Put, and Price. Includes months from Jan to Dec.

EUROPEAN FUTURES

Table showing EUROPEAN FUTURES with columns for Class, High, Low, Prev. Close, and Change. Includes Food and Industrials.

Food

Table showing Food futures with columns for High, Low, Close, and Change. Includes COCOA, SOYBEAN, and WHEAT.

Metals

Table showing Metals futures with columns for High, Low, Close, and Change. Includes ALUMINUM, COPPER, and GOLD.

Financial

Table showing Financial futures with columns for High, Low, Close, and Change. Includes 3-MONTH EURO DOLLARS and 3-MONTH EURO DOLLARS.

3-MONTH EURO DOLLARS (LIFFE)

Table showing 3-MONTH EURO DOLLARS (LIFFE) with columns for Month, High, Low, Close, and Change.

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U.S. FUTURES

Table showing U.S. FUTURES with columns for Section, Season, High, Low, and Change. Includes Wheat, Soybeans, and Corn.

Grains

Table showing Grains futures with columns for High, Low, Close, and Change. Includes WHEAT (CBT) and SOYBEANS (CBT).

Metals

Table showing Metals futures with columns for High, Low, Close, and Change. Includes N1 GRADE COPPER (COMEX) and SILVER (COMEX).

Industrial

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Financial

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Stock Indexes

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Commodity Indexes

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Market Guide

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U.S. / AT THE CLOSE

S&P Cuts Boise Cascade Debt to Junk

NEW YORK (Bloomberg) — Standard & Poor's Corp. downgraded \$2.3 billion of Boise Cascade Corp.'s debt on Friday, lowering it to the status of junk bonds.

The downgrade, to a rating of BB+ from BBB-, signifies a greater risk is associated with owning Boise Cascade's bonds. That means Boise Cascade may have to offer investors a higher yield to borrow money in the future. Junk bonds are those rated below BBB- by Standard & Poor's and Ba3 by Moody's Investors Service.

Prices of Boise Cascade bonds were unchanged after the announcement. The company's bonds trade infrequently and yield about 300 basis points more than comparable-maturity Treasury securities, according to traders at Donaldson, Luffkin & Jenrette.

"We are disappointed," Vincent Hannity, a company spokesman, said. "We are disappointed." Vincent Hannity, a company spokesman, said. "We are disappointed." Vincent Hannity, a company spokesman, said.

Advanced Micro Posts Fall in Net

SUNNYVALE, California (AP) — Advanced Micro Devices said Friday its earnings for the final three months of 1992 dropped 34.8 percent from a year earlier, when a sale of assets created a one-time surge in net income.

However, the computer-hardware manufacturer's operating income for the quarter was \$73.19 million, up from \$63.2 million in 1991. The company said net income was \$69.56 million, or 73 cents per share, in the quarter ended Dec. 27. That compared with \$106.74 million, or \$1.17 per share for the final quarter of 1991. Sales rose to \$400.22 million, from \$366.17 million. The last quarter of 1991 had included a net gain equivalent to 52 cents per share from the sale of 3.5 million shares of the software maker Xilinx Inc. and other assets.

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The deal, made through Hughes Communications, is a major advance for the \$500 million DirecTV project, which will begin offering service in March 1994. Securing programming for the service, which will use 18-inch (43-centimeter) home-satellite dishes and compete with cable television, had been viewed as a crucial issue.

DirecTV, a partnership between Hughes and General Electric Co., will offer Disney Channel and about 20 other cable programming services, 50 to 60 movie channels, 20 to 30 sporting events and 20 to 30 special-interest events.

Apple Expects Strong 1st Quarter

LAS VEGAS, Nevada (Reuters) — Apple Computer Inc.'s first-quarter revenue will be up significantly, Apple USA President Bob Puetz said Friday. "I think the analysts will be pleased," he said.

He said the company's Powerbook line of portable computers would easily exceed the \$1 billion in sales generated in financial 1992. Apple's first quarter ended Dec. 31. The company's profit rose to \$97 million in its 1992 fourth quarter, from \$81 million the previous year.

Instant Disks for Music Shoppers?

FORT LAUDERDALE, Florida (Bloomberg) — Blockbuster Entertainment Corp. said Friday it had developed electronic technology that would enable music customers to order nearly any compact disk or tape and have it produced within minutes.

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Mr. Knief said Blockbuster was considering inviting other companies to join in the proposed venture, which could enable music stores to reduce their inventory and studios to cut distribution costs.

WORLD STOCK MARKETS

Agence France Press Jun 8

Amsterdam

Table showing Amsterdam stock market data with columns for Class, Prev., and Change. Includes ABN AMRO and AEX.

Helsinki

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Hong Kong

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Brussels

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Johannesburg

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Frankfurt

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London

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Milan

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Stockholm

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Montreal

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Consumer Credit Keeps Rising

WASHINGTON — U.S. consumer borrowing rose for the third consecutive month in November, the Federal Reserve reported Friday, as auto borrowing grew at the fastest rate in more than three years.

The \$1.221 billion increase in consumer credit, which excludes home equity loans, contributed to a 2.0 percent rise in the annual rate of borrowing. November was the first time since the autumn of 1990 that there were three consecutive increases in total consumer credit.

Before August, consumers had been paying off debt accumulated in the last decade, and that cut into demand for goods and economic growth. Auto loans increased \$700 million during November and "at the fastest rate since October 1989," the Fed said.

(Reuters, Bloomberg)

U.S. FUTURES

Jun 8

Grains

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Laporte Launches Evode Bid

White Knight Lifts Siege Laid by Wassall

LONDON — Laporte PLC, a major British chemicals concern, on Friday launched a bid worth \$135.5 million (\$208 million) for Evode Group PLC, three days after emerging as a likely white knight for the adhesives maker.

The ambitious mini-conglomerate Wassall PLC, which had laid siege to Evode since November, immediately announced its withdrawal from the battle, saying it had no intention of overpaying.

Laporte proposed a stock-based offer granting Evode shareholders 223 new Evode shares for every 112 common shares held. The offer valued each Evode ordinary share at 125.3 pence, against Wassall's 95.2 pence. There is also a full Laporte cash alternative of 115 pence per share, against 95 pence from Wassall, whose offer will now lapse.

Analysts said another rival bidder was unlikely after Wassall threw in the towel. "I can't imagine anyone coming in and paying more," said Mike Lewis, chemicals analyst at County NatWest.

However, he warned about the effect of so many new Laporte shares on the market. "Laporte will have to work hard to make sure it will not be dilutive," he said.

The Laporte finance director, Dick Dickinson, said, however, that the company had already identified benefits from the acquisition, including sourcing and pricing changes that could push Evode's operating margins of 6 percent closer to Laporte's 14 percent return.

Laporte estimated that pretax profit in 1992 was no less than £86 million, down from £97.2 million in 1991 following the sale of its half share in the laterox peroxide business to Solvay SA of Belgium.

Evode posted pretax profit of just £7.1 million in the 1992 financial year, with fully diluted earnings of 5.7 pence.

Laporte now holds 20.6 percent of Evode, after buying shares on the London Stock Exchange during the day.

Speculation previously had focused on Williams Holdings PLC, a conglomerate, and on Burnham Castrol PLC, the oil and chemicals concern, as possible bidders.

Evode retains both Deutsche Bank AG's Morgan Grenfell and the U.S. house Wasserstein Perella as advisers.

Evode, meanwhile, is buying the Italian ferrous-pigment maker Silo Spa, the fourth-largest supplier of its kind in the world, for £23 million, including debt.

Mirror Welcomes Soros Stake

LONDON — The American financier George Soros has built up his stake in Mirror Group Newspapers PLC but is not intent on a takeover, industry sources said on Friday.

A spokesman for Mirror Group said the company looked on Mr. Soros "as a sound and welcome investor."

The Hungarian-born Mr. Soros, a leading mutual-fund manager, has held shares in Mirror Group since the flotation in April 1991. Mirror Group was formerly controlled by the late Robert Maxwell.

Mirror Group shares were up 4 pence at 101 pence (\$1.55) Friday, after sharp gains Thursday on reports Mr. Soros had built his stake to 2.75 percent.

Nedlloyd Stock Is Pressured

AMSTERDAM — The departure of the Norwegian investor Torstein Hagen from Nedlloyd's board will provide no relief for the stock price, and indeed may further undermine it, analysts said Friday.

The stock of Royal Nedlloyd Group NV fell 3 guilders to close at 30.40 guilders (\$16.50) Friday after Mr. Hagen resigned on Thursday and said DNO company said it had sold a 5 percent stake in Nedlloyd.

In 1992, Nedlloyd's stock recorded a high of 65.10 guilders, but ended the year at \$1.70.

Richard Brakenhoff of Pierson, Helderling & Pierson said he was surprised at the size of Friday's fall, which indicated the price was sustained by speculation of a takeover by Mr. Hagen.

Mr. Hagen retains an 11 percent stake, plus another 10 percent in options contracts.

Nedlloyd's share price had been supported by persistent speculative buying interest, as the price was far below its net asset value per share, estimated at about 75 guilders, said Rene Van Gaffen at Van Lanschot Bankiers.

Siemens and Philips Drop Cable Tie-Up

MUNICH, Germany — Siemens AG and Philips Electronics NV said Friday that they were dropping plans to combine their businesses in telecommunications cables and optical fibers, saying lower prices had made the idea unattractive.

The decision appeared to pose more strategic questions for Philips. The company has been cutting back on noncore businesses, and its cable operations are significantly smaller than those of Siemens, which claims to rank second in Europe behind Alcatel Alsthom of France.

Cor Vreeven, a Philips spokesman, declined to give reasons for the decision except to say that prices for cables and optical fibers were declining. Philips will reconsider its activities in these areas, he said.

Siemens, meanwhile, saw sales at its cables division rise to more than 2 billion Deutsche marks (\$1.2 billion) in the year ended Sept. 30, 1992, helped by huge investments to modernize the telephone network in Eastern Germany.

"The cable business is still a very important area for us and has grown in the last years," a Siemens spokesman said. "It has not become less important."

Siemens employs more than 5,000 people worldwide in cables and optical fibers. Philips, whose cable sales are about one-quarter the size of Siemens', employs 1,400.

The plans to combine forces had prompted the EC Commission last month to order a full inquiry of the effect on competition.

Siemens and Philips said they had withdrawn their application for EC approval of their plans. But a spokesman for Siemens said the two sides were still considering other possible forms of cooperation in the field that he said would not pose any regulatory problems.

The two companies began talks on cooperation in cables in 1991, first envisaging a deal whereby Siemens would acquire Philips' activities in the field but later shifting their proposal to joint ventures.

Exchange	Index	Friday Close	Prev. Close	% Change
Frankfurt DAX	1992	2,531.52	1,542.50	-0.71
London FTSE 100	1992	2,799.20	2,816.50	-0.61
Paris CAC 40	1992	1,882.63	1,844.47	+0.44
Amsterdam CBS Trend	1992	96.60	97.60	-1.02
Brussels Stock Index	1992	5,629.60	5,567.10	+0.76
Frankfurt DAX	1992	602.72	606.68	-0.68
Frankfurt FAZ	1992	905.04	919.11	-1.53
Helsinki HEX	1992	2,176.80	2,193.30	-0.75
London Financial Times 30	1992	2,799.20	2,816.50	-0.61
Madrid General Index	1992	2,200.20	2,201.12	+0.04
Milan MIB	1992	1,009.00	1,008.00	+0.10
Paris CAC 40	1992	1,882.63	1,844.47	+0.44
Stockholm Aftersveariden	1992	1,883.41	1,082.05	+0.13
Vienna Stock Index	1992	340.87	342.29	-0.05
Zurich SSS	1992	685.10	687.50	-0.35

European Airlines Have Plenty of Room Aboard

BRUSSELS — European airlines flew more than half-empty on European routes last November, the first time in 15 years that they fared so badly in the month, a trade group said Friday.

The Association of European Airlines said a 4.1 percent increase in passengers from a year earlier failed to keep up with greater capacity. As a result, the load factor, or percentage of seats filled, fell to 49.8 percent from 52.0 percent.

"Airlines have been cutting their fares but seats are still not being filled," said David Henderson of the association.

In contrast, members' traffic on North Atlantic and Far Eastern routes grew by 6.7 percent and 9 percent, respectively. The respective load factors were 62.5 percent and 67.7 percent.

German Routes for Europe Carriers

Three European airlines have moved to develop routes in Germany under new European Community laws aimed at opening up domestic air markets, Agence France-Presse reported from Bonn.

British Airways PLC has been picking up passengers at Hannover on its London-Hannover-Lipzig route. Scandinavian Airline System will follow suit from Jan. 11 on its Copenhagen-Hamburg-Lipzig route while Luxembourg's Luxair has been doing the same since Jan. 1 on a Luxembourg-Saarbrücken-Munich route.

Very briefly:

- The EC Commission said it had pressured Italy into agreeing to import other countries' pasta, Germany into dropping import restrictions on medicines and Belgium into allowing the sale of cordless phones approved by other European Community states.
- Zurich's public prosecutor launched a preliminary investigation into possible insider-trading violations in the stock of Swiss Volkswagen before the announcement this week of its takeover by CS Holding.
- Greek inflation fell to 14.4 percent in 1992 from 18 percent in 1991.
- Audi of America Inc.'s sales rose 20.1 percent in 1992 to 14,756 units, the first increase the Volkswagen AG subsidiary has posted in eight years; it expects to sell 18,000 cars in the United States in 1993.
- ABN AMRO NV has become a member of the New York Stock Exchange through its subsidiary ABN AMRO Securities USA Inc., the first Dutch bank able to trade on the NYSE.
- Frans Mees NV, a transportation company 25 percent owned by KLM Royal Dutch Airlines, expects a much lower net profit in 1993 due to the removal of Europe's trade borders and increased competition; for 1992, profit will be stable at around 1991's 35.5 million guilders (\$19.3 million).
- Halifax Building Society said British house prices fell by a record 7.8 percent last year, but prices should pick up in the second half of this year.
- Hoeslyne Group PLC, a subsidiary of France's Cap Gemini Societe, won a £5 million (\$9.2 million) three-year contract to manage the computer systems of the Bank of England.
- Britain's trade and industry secretary, Michael Heseltine, flew to Saudi Arabia with senior executives from seven companies on a mission to boost British exports.

REPUBLIC OF LEBANON

Rehabilitation, Extension and Generalization of the Telecommunication Sector

PRE-QUALIFICATION OF CONTRACTORS

In order to implement the Government policy to fulfill Lebanon's needs in various public utility services, including the rehabilitation, extension and generalization of the telecommunication sector,

And aiming to undertake the necessary measures to reach a minimum service density of 35% in telecommunications, which would be in accordance with the standards of the new century,

And as the data accumulated in the Ministry of Post and Telecommunications (MPT), and incorporated in the National Emergency Reconstruction Program (NERP), indicates the necessity to provide a minimum capacity of 1.5 million subscriber lines; the MPT intends to meet these needs as follows:

- 500,000 subscriber lines through rehabilitation and modernization of the existing network.
- 500,000 new subscriber lines through extension of the existing network.
- 500,000 lines through implementation of a new cellular network.

The Government has initiated separate measures to implement the cellular network; consequently the MPT and the Council for Development and Reconstruction (CDR) announce the intention to achieve a million lines service through the rehabilitation and extension of the present network as indicated in the following program:

- a- Construction of about 650,000 local network lines, construction and equipping of new electronic exchanges to a capacity of 500,000 lines, throughout Lebanon.
- b- Replacement of the old electro-mechanical exchanges (16 exchanges) by new and modern electronic equipment to a capacity of 178,000 lines, including the implementation of the integrated services digital network (ISDN).
- c- Construction of network with fibre optic cables and digital micro-wave links of different capacities to secure communications between various exchanges.
- d- Enhancement of international communications between Lebanon and the world through the construction of two modern IDR earth stations.
- e- Provision of power supply equipment for the exchanges, including the batteries, generating units and the protection systems.
- f- Replacement of the old telex exchange equipment with new and modern electronic equipment (4000 lines).
- g- Rehabilitation of the existing electronic exchanges and their auxiliaries (MT25 and E10B), development of their operation programs to be compatible with CCITT No. 7, and introduction of ISDN facilities.
- h- Rehabilitation of the micro-wave telecommunication network and replacement of the obsolete parts.
- i- Rehabilitation of the local network telephone to a capacity of 400,000 lines throughout Lebanon.
- j- Rehabilitation of the power supply stations, including the replacement of batteries, where needed, and rehabilitation of primary power generation units.

All the projects mentioned above will be executed under the supervision of engineers and consultants appointed by MPT and CDR.

International specialized companies will be appointed to support the ministry for better performance in project management, operation and maintenance.

Therefore, the contractors capable of executing such projects of rehabilitation and modernization are invited to apply for pre-qualification.

Reasons for not pre-qualifying any firm or consortium need not be given, and no costs incurred in the pre-qualification will be reimbursed. Invitations for bidding will only be sent to firms or consortia which are pre-qualified.

The MPT and CDR invite contracting firms and consortia interested in bidding to obtain pre-qualification documents starting January 11, 1993 from the:

Council for Development and Reconstruction (CDR)
Tallet El-Seray
Beirut - Lebanon

Pre-qualification bids with all supporting material shall be submitted at CDR offices no later than February 26, 1993 at noon.

German Unions Fight 2.25% Offer For Public Sector

FRANKFURT — Public-service employers kicked off 1993 pay talks Friday by offering West German staff a 2.25 percent rise, about half what the unions are demanding.

The offer was rejected by the unions, which went on a crippling strike last year. Labor leaders want at least to match the current inflation rate of 4 percent and are insisting that lower-paid staff should receive more.

"We will not accept an offer which does not have given better deal to the lower paid," said Monika Wulf-Mathies, head of the largest public sector union, OeTV.

The outcome of negotiations in the 3 million-strong public-service sector is seen as crucial to pay talks generally.

The Bundesbank has made a more moderate wage round one of its key conditions for a further cut in interest rates.

GATT: Late Stab at Agreement

(Continued from page 1)

low tariffs. But officials hinted that Washington would be prepared to compromise with Brussels over apparel tariffs, particularly if Europe agrees to reduce its high duties on electronics and a number of other products.

An EC-U.S. agreement on tariffs would clear away one of the largest remaining obstacles to an overall global trade settlement. It would provide the two huge trading blocs with a powerful lever to extract concessions from the dozens of other nations taking part in the talks. Washington would like to have at least the outline of a deal to show to senior trade negotiators from other nations at a scheduled meeting in Geneva next Friday.

Leisure Tycoon In U.K. Charged With Theft

LONDON — George Walker, a former boxer who became a leisure tycoon, was charged Friday with stealing £12.5 million (\$19.25 million) from Brent Walker Group PLC, the company he founded and ran.

The charges followed a lengthy investigation by Britain's Serious Fraud Office launched in August 1991 at the request of Brent Walker directors after they discovered a series of irregularities dating from Mr. Walker's chairmanship of the company. He was forced to give up control of Brent Walker in December 1991.

Mr. Walker, 63, was also charged with two offenses of false accounting.

Mr. Walker, who started his working life as a fish-market porter, appeared before Bow Street Magistrates Court and was remanded on bail of £500,000.

For investment information
read THE MONEY REPORT
every Saturday in the IHT

12 Month High	Low	Stock	Div	Yld	PE	12 Month High	Low	Stock	Div	Yld	PE
120	110	IBM	3.00	4.5	15	120	110	IBM	3.00	4.5	15
100	90	Microsoft	0.00	0.0	10	100	90	Microsoft	0.00	0.0	10
80	70	Apple	0.00	0.0	10	80	70	Apple	0.00	0.0	10
60	50	Oracle	0.00	0.0	10	60	50	Oracle	0.00	0.0	10
40	30	Novell	0.00	0.0	10	40	30	Novell	0.00	0.0	10
20	10	Lotus	0.00	0.0	10	20	10	Lotus	0.00	0.0	10

MOAN: Economists Complain of a Lack of Respect From Clinton Team

(Continued from first finance page) Kennedy, who brought the best and the brightest to Washington, including brilliant economists who later went on to win Nobel prizes," said Gary Hufbauer, an economist at the Institute for International Economics in Washington.

Yet if economists are feeling spurned, it may be their own fault. Increasingly, the profession seems out of step, both with public policy and national politics.

By choosing Ms. Tyson, Mr. Clinton "has done the economics profession a service by adding it to the list of institutions that are ripe for change," wrote Jeff Faux, a Clinton campaign adviser and president of the Washington-based Economic Policy Institute, where Ms. Tyson has been an adviser. Mr.

Faux, who does not have a doctorate in economics, accused the economics profession of "bad manners and sour grapes."

"Economists think they have a God-given right to powerful positions in government," observed Rudiger Dornbusch, an MIT economist. "But the typical economist has not spent much time researching the important issues that are facing Clinton — what to do about the inner cities, how to make American corporations No. 1 again, what to do about education, what to do about job training."

Over the last generation, economists have focused more of their efforts on mathematics-based "economic" research that sometimes seems almost impossible for anyone but other economists to de-

cipher. Broad economic research that can be translated into an action plan for government is increasingly rare, critics argue.

That has left an opening for non-economists like Mr. Reich, popularizers who can talk in plain English to political leaders and the public about how to confront the critical problems facing the United States.

In addition, the mainstream of the profession has become increasingly conservative and far more skeptical of the ability of the federal government to intervene successfully in the market place.

That was not a political problem for the profession during the Reagan-Bush era, when Washington policymakers thought the same

way. But Mr. Clinton and his closest advisers share a belief that government has an important role to play in shaping the economy.

To be sure, traditional economists have not been shut out of the Clinton camp. Nobel laureates like Robert Solow, a professor at the Massachusetts Institute of Technology, and other esteemed economists were prominently featured at Mr. Clinton's economic summit meeting in Little Rock last month. More than 500 economists signed an advertisement endorsing Mr. Clinton's economic agenda during the campaign. And many who are now complaining still believe that the direction of Mr. Clinton's program is the right one.

Still, precious few have broken into Clinton's inner circle.

NASDAQ

Friday's Prices
NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, consists of the 1,000 most traded securities in terms of dollar value. It is updated twice a year.

12 Month High	Low	Stock	Div	Yld	PE	52	High	Low	Latest	Chg
120	110	AAVE					120	110	115	5
110	100	AAOI					110	100	105	5
100	90	AAOI					100	90	95	5
90	80	AAOI					90	80	85	5
80	70	AAOI					80	70	75	5
70	60	AAOI					70	60	65	5
60	50	AAOI					60	50	55	5
50	40	AAOI					50	40	45	5
40	30	AAOI					40	30	35	5
30	20	AAOI					30	20	25	5
20	10	AAOI					20	10	15	5
10	0	AAOI					10	0	5	5

12 Month High	Low	Stock	Div	Yld	PE	52	High	Low	Latest	Chg
100	90	AAOI					100	90	95	5
90	80	AAOI					90	80	85	5
80	70	AAOI					80	70	75	5
70	60	AAOI					70	60	65	5
60	50	AAOI					60	50	55	5
50	40	AAOI					50	40	45	5
40	30	AAOI					40	30	35	5
30	20	AAOI					30	20	25	5
20	10	AAOI					20	10	15	5
10	0	AAOI					10	0	5	5

AMEX

Friday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

12 Month High	Low	Stock	Div	Yld	PE	52	High	Low	Latest	Chg
100	90	AAOI					100	90	95	5
90	80	AAOI					90	80	85	5
80	70	AAOI					80	70	75	5
70	60	AAOI					70	60	65	5
60	50	AAOI					60	50	55	5
50	40	AAOI					50	40	45	5
40	30	AAOI					40	30	35	5
30	20	AAOI					30	20	25	5
20	10	AAOI					20	10	15	5
10	0	AAOI					10	0	5	5

12 Month High	Low	Stock	Div	Yld	PE	52	High	Low	Latest	Chg
100	90	AAOI					100	90	95	5
90	80	AAOI					90	80	85	5
80	70	AAOI					80	70	75	5
70	60	AAOI					70	60	65	5
60	50	AAOI					60	50	55	5
50	40	AAOI					50	40	45	5
40	30	AAOI					40	30	35	5
30	20	AAOI					30	20	25	5
20	10	AAOI					20	10	15	5
10	0	AAOI					10	0	5	5

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60	50	AAOI					60	50	55	5
50	40	AAOI					50	40	45	5
40	30	AAOI					40	30	35	5
30	20	AAOI					30	20	25	5
20	10	AAOI					20	10	15	5
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60	50	AAOI					60	50	55	5
50	40	AAOI					50	40	45	5
40	30	AAOI					40	30	35	5
30	20	AAOI					30	20	25	5
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30	20	AAOI					30	20	25	5
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60	50	AAOI					60	50	55	5
50	40	AAOI					50	40	45	5
40	30	AAOI					40	30	35	5
30	20	AAOI					30	20	25	5
20	10	AAOI					20	10	15	5
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60	50	AAOI					60	50	55	5
50	40	AAOI					50	40	45	5
40	30	AAOI					40	30	35	5
30	20	AAOI					30	20	25	5
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50	40	AAOI					50	40	45	5
40	30	AAOI					40	30	35	5
30	20	AAOI					30	20	25	5
20	10	AAOI					20	10	15	5
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80	70	AAOI								

Japan Compromises on Cars Export Cap Is Unlikely to Satisfy Detroit

By Andrew Pollack
New York Times Service

TOKYO — Japan's announcement Friday that it will extend for another year its ceiling on automobile exports to the United States reflected a middle course for a government trapped between the problems of Japan's struggling automobile companies and the expected demands for more trade concessions from Washington.

But the continuation of the voluntary export restraints at 1.65 million cars for the year that begins in April is not expected to please U.S. automakers, some of whose executives have been seeking tighter limits.

Automobile executives here say they suspect Japan's government announced the export cap before President-elect Bill Clinton takes office later this month so as to preempt possible demands for a lower ceiling. Mr. Clinton has promised to be more aggressive in helping U.S. industry than the government has been under President George Bush.

But an official in the Ministry of International Trade and Industry denied this, saying that decisions on export restraints are announced at this time almost every year. He said the export cap was extended in recognition of the problems being faced by the Big Three American automakers, particularly General Motors Corp.

In recent years, exports to the United States have been below the ceiling because the Japanese automakers have been shifting production to their

U.S. factories. For that reason, the restraints have been derided as meaningless.

Last year, the limit was cut from 2.3 million vehicles to 1.65 million, but exports are expected to be slightly below even this lower ceiling for the current fiscal year, which ends in March.

But Japanese government officials and auto-industry analysts say that if automobile sales in the United States grow to the coming year as expected, Japanese companies might want to increase exports. In that case, the restrictions could begin to bite, though not in a major way.

"The Japanese won't be able to expand their sales as fast as the market might improve, which means that the Japanese market share comes down," said Benjamin Moyer, automobile analyst for Merrill Lynch in Tokyo.

He said, however, that such supply problems would not arise in the next year or so because the Japanese companies still had room to increase production at their American plants to make up for a shortfall in exports.

Still, except for token protests in which they gripe that export restraints violate the principles of free trade, the Japanese automobile companies seem very willing to live with the system that has caused them little pain while helping to mollify a major trading partner.

Yoshiyuki Tsuji, the president of Nissan Motor Co., said the government's decision "takes into account the overall Japan-U.S. relations and is a realistic measure."

Morita Says Japan Must Pull Weight

KUALA LUMPUR — Japan should face up to its responsibilities and work with the United States and other countries to preserve global security and free markets, Sony Corp.'s chairman, Akio Morita, said Friday.

"Now is the time for Japan to face the fact that it has been one of the biggest beneficiaries of the world free market system and that success brings certain global obligations and responsibilities," he said at a conference in Malaysia.

Mr. Morita's comments came days before Prime Minister Kiichi Miyazawa embarks on a tour of Southeast Asian nations during which he is expected to stress how Japan and the United States can jointly contribute to security and economic growth in the Asia-Pacific region.

"Many do not appreciate how difficult and important it is to continually work to preserve things such as security or the free market that are so often taken for granted," the Sony executive said.

"Before Japan can worry about possible closed markets in the West, it should first make sure its own fortress gates are opened wide," Mr. Morita said.

Japan's success in rebuilding its economy after World War II was not due just to hard work but also to access to the American market, he said. Similarly, with the collapse of former communist countries, many nations now want to join the "global free market club."

Taipei Market Seeks Lift From Foreign Brokers

TAIPEI — Taiwan, in an apparent bid to bolster its ailing stock market, will allow foreign brokerage houses to invest directly in the bourse, the Securities and Exchange Commission said Friday.

"This will be a step toward making our stock market an international one," said Hsiang Wu-cheng, an SEC spokesman.

The central bank has approved an SEC proposal to allow foreign brokerages with net assets of \$150 million to invest in the market. The SEC will announce this month when the brokerages can apply to enter Taiwan, he said.

Foreign brokers' buying and selling of stocks will still have to go through local brokers, however.

Securities analysts welcomed the move, saying it could help revive the market, which plunged 27 percent in 1992 and has continued to drop this year because of political tensions and stock scandals. The benchmark weighted price index

Investor's Asia

Exchange	Index	Friday Close	Prev. Close	% Change
Hong Kong Hang Seng	6500	5,528.56	5,547.32	-0.32
Singapore Straits Times	1600	1,555.16	1,555.71	-0.05
Tokyo Nikkei 225	2000	16,834.69	16,780.98	-0.37
Kuala Lumpur Composite	629.54	636.26		+1.06
Bangkok SET	920.79	914.32		+0.71
Seoul Composite Stock	704.50	696.95		+1.08
Taipei Weighted Price	3,171.99	3,135.56		+1.18
Manila Composite	1,319.31	1,292.21		+1.53
Jakarta Stock Index	279.11	276.85		+0.82
New Zealand NZSE-40	1,526.86	1,553.80		-1.73
Bombay National Index	1,111.40	1,115.60		-0.38

Honda Gears Up for Indianapolis

By Doron P. Levin
New York Times Service

DETROIT — Eager to portray itself more convincingly as an American institution, Honda Motor Co.'s U.S. subsidiary will begin building engines for race cars in the Indianapolis 500 and associated races, starting in 1994.

Honda executives said they expected the racing program to help in the marketing of Honda and Acura cars and to provide racing experience for the company's American engineers and technicians.

Honda especially wants to improve its sales in the nation's heartland, where the sentiment for buying U.S. products runs high, said Thomas G. Elliott, executive vice president of American Honda Motor Co.

Honda's announcement Thursday came a day after it suffered a sales setback in the United States, as its Accord yielded first place in U.S. sales to the Ford Taurus after leading for three years running.

At first, the racing program will consist of supplying engines

to a single race team. A month ago American-made, and it sells more cars in North America than in Japan.

Last month, the Big Three ejected Honda from the Motor Vehicle Manufacturers Association, the U.S. industry's trade group, because it was often at odds with the trade group's political goals.

Honda experienced great success building engines for Formula One race cars before deciding last year to pull out because of the high costs. The rules governing Formula One do not exclude some exotic technologies, while Indy rules tend to keep technologies and expenses in check.

"Challenges have always been important to the growth and suc-

cess of Honda," Mr. Elliott said. Unlike the Chevrolet engines that are built and maintained mostly by non-Chevy personnel, Honda prefers to use its own technicians and engineers.

umors have circulated that Bobby Rahal, winner of the 1986 Indy 500 and a team owner who owns a Honda dealership, will be the first to use the Honda engine, a 6.5-liter, twin-turbo V-8.

ago, Nissan Motor Co. said it intended to participate in Indy races, but provided few specifics.

For several years, the PPG Indy-car racing series and the Indianapolis 500, the quintessential U.S. motor race, have been dominated by engines sponsored by General Motors Corp.'s Chevrolet division. During a month of trials, nearly 1 million fans travel to Indianapolis, and the race receives nationwide coverage.

Although Honda operates several plants in Ohio and research and administrative offices in California, it has found that it is often perceived as simply an importer.

In fact, the majority of the cars Honda sells in the United States

CITIC Confirms H.K. Telecom Deal

Compiled by Our Staff From Dispatches

HONG KONG — CITIC Pacific on Friday confirmed its deal to take a 12 percent stake in Hong Kong's telephone monopoly, a move that will take the Beijing-controlled group a step closer to Hong Kong's oldest colonial trader, Jardine Matheson, in size.

CITIC Pacific said it was paying 10.4 billion Hong Kong dollars (\$1.3 billion), or 7.80 dollars a share, to buy 12 percent of Hong Kong Telecommunications Ltd. from its Chinese-owned parent, China International Trust & Investment Corp. Hong Kong (Holdings).

CITIC Pacific will fund the purchase by selling 7.1 billion dollars worth of shares, mainly to its parent, which is known as CITIC Hong Kong.

The placement, the largest ever in Hong Kong, will push CITIC Pacific's market capitalization to around 24 billion dollars, compared with 34 billion for Jardine.

early 1940s, has a "hands-on" management policy with subsidiaries ranging from office property and Mercedes-Benz dealerships to supermarkets. But with one exception, CITIC Pacific mostly owns relatively modest stakes in very big companies.

"You could say the company's influence is close to zero considering its current role in Hong Kong Telecom, its current role in Cathay Pacific and in Dragonair," Wong Kam-ming, analyst at S. G. Warburg Securities, said of CITIC Pacific's three main investments.

As part of the deal, CITIC Pacific also is buying a controlling interest in two China power-station companies and 20 percent of a Hong Kong chemical-waste-treatment project from its parent.

The company will sell 551.8 million shares, representing 30.5 percent of its enlarged share capital, at 13.00 dollars each. Only a quarter of the shares will be sold to the public. The bulk will go to CITIC Hong Kong and other existing shareholders, including the Malaysian businessman Robert Knook and the Hoeng Kong tycoon Li Ka-shing.

Jardine, which has been trading on the South China coast since before Hong Kong's foundation in the

U.S. to Get Tough on China?

Bloomberg Business News

BEIJING — The deputy commissioner of the U.S. Customs Service said Friday that the Clinton administration would probably take a tougher line on Chinese violations of trade accords than President George Bush.

The official, Michael Lane, in China for a trade fair introducing U.S. customs procedures, said the predicted value of the U.S. trade deficit with China of \$18 billion this year was "somewhat alarming."

Mr. Lane said the United States already had clamped down on goods exported from Chinese prisons. Exports involving intellectual-property rights violations and those transhipped through third countries to avoid quotas were growing problems needing control, he said.

"I think there will be more support for those sorts of things in the Clinton administration than there was under Bush," Mr. Lane said.

JVC to Sell HDTV Recorder for Home

Compiled by Our Staff From Dispatches

TOKYO — Victor Co. of Japan said Friday it had developed the first home-use video-cassette recorder for high-definition television, which it hopes will breathe life into the crystal-clear TV system.

JVC said it would put the VCR on sale by the end of 1993 at about 600,000 yen (\$4,800). The machine also will play conventional VHS tapes. "We believe we will be able to offer the product at reasonable prices," said Masayuki Murakami, a company spokesman. "We hope our product will be the frontrunner to open up the HDTV market."

JVC also said it would begin marketing an HDTV set this year costing less than 1 million yen, or \$8,000. Currently, the cheapest set on the shelf is sold by Sharp Corp., with a price of 1 million yen. (Reuters, AFP, UPI)

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FIRST COLUMN Real Estate Can't Shake Hangover

THE conviction this past week of Charles Keating for a variety of wrongdoings in the great savings and loan bubble of the 1980s offers an opportunity for reflection. Mr. Keating's ponderings this weekend must be sober indeed: He faces jail terms that could add up to as much as 500 years. Which makes the musings of the rest of us on the future of the real estate market — arguably the cause of Mr. Keating's downfall — over the next decade or so seem almost childishly short-term.

Rhetoric provides some clues as to the depressed state of affairs in real estate. Even the most devoted pro-property propagandists dare not point to the fundamentals of the U.S. economy as a reason for optimism. The sales pitches nowadays tend to fall back on the old clichés about the segmented nature of the market.

One classic argument is that the market in, say, Manhattan, divides itself up along the lines of the wealth of the prospective purchaser. Thus, it may be possible for the studio apartment market in Spanish Harlem to be in decline while the prices of Park Avenue penthouses increase. Or vice versa.

The other segmentation spool is that demand is a function purely of location. What does it matter that residential property in Manhattan is in trouble if you're buying in Colorado? The answer, unfortunately, is more than you might think, because property is, eventually, affected by what happens in the rest of the economy.

Despite the Bush administration's attempts to massage the U.S. economy into recovery, despite the 30-year lows in interest rates, consumers are still heavily burdened by debt and real estate is still suffering from a massive economic hangover.

Property was on a slow burn while economic growth buoyed and shares rocketed through most of the 1980s, and eventually caught fire as other sectors were catching a cold. That characteristic sluggishness remains. While other sectors move ahead again, it will take a long time before property follows. And here we can make a confident prediction: It will definitely pick up sometime in the next 500 years.

Sleeping Giants Stir Investors Dream About China, India

By Philip Crawford

AS EMERGING markets such as those in Thailand, the Philippines and Mexico small their way into the global equity mainstream, some investors are looking even beyond those somewhat exotic frontiers in search of sleeping earnings giants that may awaken in the 21st century.

They need look no further, say some experts, than to the world's two most populous nations, mainland China and India, both of which have stock markets that are just beginning to open their doors to foreign investors. Pakistan is another potential power of the future, many add.

Although the pickings are not voluminous in these countries, they are growing, and accessibility is improving. Shares in Chinese companies listed on the Shenzhen and Shanghai stock exchanges are now available to foreign investors through international brokers, and China funds are multiplying. Pakistan is similarly available. And although retail access to India is limited to a handful of country funds — since foreign individuals may not yet directly purchase shares on the Bombay stock exchange — many pundits expect that to change in the near future.

Art these markets really expected to bring in the windfalls to those who get in now on the ground floor? Maybe not. Skeptics say that the younger markets only appear attractive when the older are fully valued — and therefore ready to fall, taking the emerging markets with them.

Yet, despite political uncertainties and other growing pains that any potential shareholding culture and its investors must endure, the possibilities may be vast.

"For investors who have the guts and the vision to look beyond conventional emerging markets, places like China, India and Pakistan are extremely interesting," said Bruce Johnson, head of global research at Baring Securities in London, a firm that specializes in tracking emerging markets.

China, with its population of more than 1 billion people, is perceived by many as the largest sleeping colossus. Although the country is still governed by a Communist regime, the demise of communism in the former Soviet Union and in Eastern Europe has led many investment strategists to believe that China will open itself increasingly to foreign investment, if not to Western concepts of government.

which have a combined market capital of over \$11 billion, 16 now offer shares — called "B" shares — to foreign investors. Two years ago, none did. The number of companies offering such shares, moreover, is expected to at least double this year.

"Of all the markets which are emerging to a greater or lesser degree, China is the most exciting," said Richard Timberlake, a London-based investment consultant. "Overall, the country's economy is growing at a rate of 10 percent per annum, and southern China, the Guangdong province, is growing at 25 percent per year. And about 40 percent of Hong Kong's growth is directly related to China."

"The country is of such global macroeconomic importance," continued Mr. Timberlake, "that its growth could prove sufficient to make China the locomotive that ultimately pulls the world economy out of its current recession. Both institutional and retail investors should take note."

The growth in the number of China funds — from zero to 20 since 1991 — is one indicator that investors may be doing just that. Most of the funds are invested via several channels: through Hong-Kong-listed companies that have significant exposure to China, through "B" shares, as well as through direct investment in Chinese businesses.

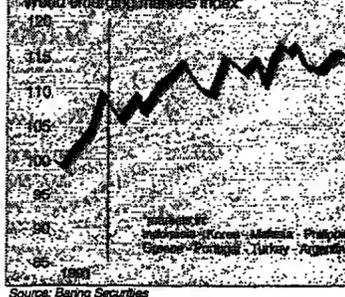
The stock on the Shenzhen exchange that has attracted the most foreign attention is China Bicycle Co., with \$247 million invested in "B" shares, while the Shanghai exchange's counterpart is Tire and Rubber Co., with \$118 million in foreign investment, according to Baring.

"I recently visited China and was shocked by the huge degree of development going on in the economic zones," said an analyst at Jardine Fleming Unit Trusts in London, who requested anonymity. "They have a seemingly inexhaustible supply of resources and labor and, most importantly, they want to make money."

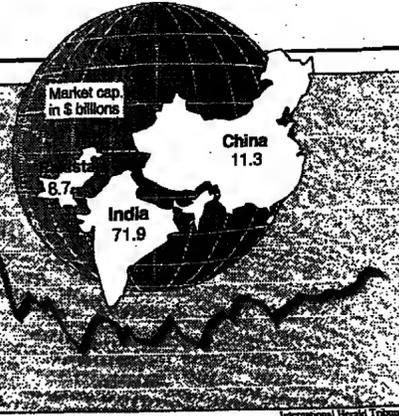
Jardine Fleming is among the investment companies that have developed China funds. It has two, the closed-end China Region Fund, which is traded on the New York Stock exchange, and the open-ended China Trust.

India, with approximately 6,500 companies listed on the Bombay stock exchange and market capital of around \$72 billion, is considerably larger than any of the "conventional" emerging markets. But it is behind in accessibility, since foreign investment is limited to institutions. "The market's P/E ratio

Nowhere to Go But Up?



World emerging markets index. Source: Baring Securities



is over 30, which is not very efficient but what you might expect from a market that is large but not very open," noted Mr. Johnson of Baring Securities.

But Vinod Sethi, who manages Morgan Stanley's India Magnum Fund, said the country should be open to international retail investors in the relatively near future. "It shouldn't be more than a year or two away," he said. "And it will have a cascading effect. India will develop significantly and foreign investors should be able to benefit. The overall economy is growing at between 6 percent and 8 percent per year."

The India Magnum Fund, a closed-end fund launched in 1989 with \$450 million, is invested entirely in domestic equities and is listed on the Amsterdam stock exchange. Core holdings include the Housing Development Finance Corporation, a housing loan concern, and the Gujarat Ambuja Cement Co. "HDFC has shown earnings growth of 35 percent per year for the last decade," said Mr. Sethi. "In a country of 850 million people, many of them homeless, housing is the ultimate growth business."

Although the religious upheavals precipitated by Hindu activists' demolition of a Muslim mosque in December have cast a pall over India's market stability in some minds, Mr. Sethi downplayed such worries: "The Rao government is secure, and even opposition parties share its pro-market agenda. Economic liberalization will continue."

Pakistan is considerably more accessible to individual investors than India, with shares in companies listed on the Karachi stock exchange available through major international brokers. Founded in 1947, the Karachi exchange has over 600 stocks and market capital of almost \$9 billion, but was only opened to foreign investors in 1991.

The first Pakistan country fund was Morgan Grenfell's Pakistan Fund, a closed-end vehicle launched in July 1991 with about \$24 million in capital. Domiciled in the Cayman Islands, its major holdings include the Bank of Punjab, Pakistan State Oil, and General Tire and Rubber.

Eng Hock Ong, the fund's Singapore-based manager, said that the Pakistan market was attractive partially because of its moderate average price-earnings ratio,

which is currently between 12 and 13. "There are even some very good companies trading at single-digit multiples," he said. "Compared to India, Pakistan is very cheap."

Mr. Ong added that he felt Pakistan's government was essentially pro-market, and that he expected the number of international investors to increase.

On other fronts, there has been one Vietnam fund launched by Lloyd's Bank Fund Managers, but most foreign investment in that country appears to be direct, an estimated \$1.4 billion since 1989. And in Egypt, the Cairo stock exchange has market capital of almost \$2 billion and is seen by many as vibrant. But shares are not yet open to foreigners nor are there any country-specific funds.

How long will it take for China, India and these other somewhat embryonic markets to attract international investors on the level of today's "conventional" emerging markets? Indeed, will they ever reach that juncture? "It's anybody's guess," said Mr. Johnson. "But at this point, there's certainly something available for everyone."

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Table titled 'Top Performing International Funds' showing performance over one, three, and five years for various funds like Quantum Fund, Mexican Investment Co, etc.

Fund Investors Find Hot Spots Offshore

OFFSHORE was the place for mutual fund investors to be last year. Of all the funds monitored by international fund specialist Micropal across nine countries (Belgium, Britain, France, Germany, Ireland, Italy, Luxembourg, Switzerland and the United States) and the somewhat heterogeneous grouping "offshore territories," the top six over 1992 were all domiciled offshore.

But domicile, of course, tells less than half the story. The top three funds are managed out of the United States and have very different investment strategies. The Butterfunds focus on a broad spread of international equities, and the giant Quantum fund, managed by George Soros, takes a complex position on currency hedging.

Nevertheless, the rankings from four to six are also filled by funds classified as offshore by Micropal. But the most important thing that they have in common is that they all invest in Asia.

Over three years, the Quantum fund still benefits from the cunning strategies of Mr. Soros to record an outstanding position in first place, having turned a theoretical \$100 into more than \$358 over the period. The two funds that come close

behind Quantum are both invested in South American stock markets. The Mexican Investment Co., managed by London-based Latin American Securities, is the only other fund to have broken the \$300 barrier. It is followed at some distance by Genesis Chile, with a return of \$263.48, excluding charges.

Hong Kong and Asian-invested funds still feature prominently over three years, with six representatives in the top 25.

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THE MONEY REPORT

A Primer on Expatriate Taxation

By Jack Anderson

WHERE will my children go to school? Can my dog go with me? What's the exchange rate? Do I have to pay U.S. taxes? These are the types of questions raised when Americans consider accepting overseas assignments.

plus his foreign housing costs, exceeding a base amount of roughly \$8,000. There are very specific qualifications for these exclusions: the individual must meet either the bona-fide residence or the physical presence test.

Obviously, he did not qualify under the bona-fide residence test. The trips caused him to fail the physical presence test. The loss of the foreign earned income and housing exclusions cost the lovebirds \$15,631 in U.S. taxes.

A second area where planning saves money is foreign social security tax withholding. In Europe, the social security tax can be a greater cost than the income tax. For social security taxes, the United States has understandings with 13 other countries called totalization agreements.

Planning the timing of foreign assignment will save money. One of the benefits of an expatriate assignment is reduced U.S. income tax resulting from the foreign earned income and housing exclusions.

Thus, an individual with a foreign assignment beginning April 1, 1993, and ending March 31, 1994, does not meet the bona-fide residence test.

Often, the employer portion of the foreign country's social security payments is high. The use of totalization agreements is mutually beneficial to the employee and employer.

Another issue regarding the payroll taxes for the expatriate is U.S. federal income tax withholding. As mentioned earlier, much of an expatriate's salary is excluded from U.S. taxation.



various tax payments should be carefully calculated each year. The prospect of taxes associated with a foreign assignment can be daunting. Every company has a different approach to the reimbursement or payment of tax on the employee's behalf.

Regardless of the company policy on taxes, payment of foreign taxes may result in a direct credit against U.S. tax. The foreign tax credit is a dollar-for-dollar reduction of U.S. tax on foreign-source income.

gain of \$200,000 left him with \$64,000. But employers and individuals should be aware that exercising stock options is not the only triggering event.

requires that the new residence is purchased and occupied by the taxpayer within two years. This period is extended up to four years for those who sell their homes and move abroad.

BRIEF CASE

Dresdner Investment Unit Launches Fixed-Term Fund

The fund investment arm of Dresdner Bank, Dresdnerbank Asset Management, has launched a new fixed-term fund, the somewhat cumbersome entitled DIT-LUX.

There is an initial charge of 1 percent, and investors may redeem at any time during the life of the fund. For more information, contact Dresdnerbank Asset Management, 6A route de Trèves, L-2633 Benningberg, Boite postale 179, L-2011 Luxembourg; or call Luxembourg (352) 483 4831.

vehicles that commit cash to futures and options contracts, fared little better, according to Managed Account Reports (MAR), a derivatives fund industry magazine.

MAR's provisional figures for its fund index show a fall of 2.03 percent in December, down 2.93 percent over the year.

Credit Suisse Brokers Back Smaller British Companies

If the biggest U.S. shares have been poor investments, the opposite is true of the British equity market, where the biggest and especially the mid-sized companies had a good year. Now, brokers at Credit Suisse Asset Management in London are advocating smaller U.K. companies as a buy on the basis of a "trickle down" as investors look for value elsewhere.

Futures and Options Index Shows Decline During 1992

The returns from shares have been relatively modest over the past year. The Dow Jones edged up just a few points on the year, for example, while the Trib U.S. Index of large, internationally investable shares was hit by the woes of big corporations like IBM and General Motors, and was actually down on the year. Investors in derivatives funds,

INTERNATIONAL FUNDS

Jan. 8, 1993

Quotations supplied by funds listed. Net asset value quotations are supplied by the Funds listed with the exception of some quotes based on issue prices. The marginal symbols indicate frequency of quotations supplied: (d) - daily; (w) - weekly; (b) - bi-monthly; (r) - regularly; (t) - twice weekly; (m) - monthly.

Table listing various international funds with columns for fund name, currency, and price. Includes sections for ABC INVESTMENT SERVICES CO (E.C.), BROADBENT INTERNATIONAL FUND, and various other fund categories.

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SPORTS BASKETBALL

Victory Streak Ends As Runnin' Rebels Run Out of Steam

The days of UNLV's domination in the Big West are over, at least for now. Nevada-Las Vegas's 46-game winning streak against conference opponents ended Thursday night.

COLLEGE BASKETBALL

when Long Beach State surprised the No. 12 Runnin' Rebels in Long Beach, California, 101-94. UNLV had won 29 in a row overall, the longest active winning streak in the nation. The first loss for new coach Rollie Massimino means that No. 1 Duke now has the longest winning streak at 23 games.

Suns Escape 'Mismatch' With Dallas

It looked like a monumental mismatch—the National Basketball Association's best vs. its worst—that figured to end in a lopsided victory for the Phoenix Suns over the Dallas Mavericks.

NBA HIGHLIGHTS

outscored them 29-18 in the final period to escape with a 111-107 road victory and avoid what would have been the most embarrassing loss in the NBA this season. The Mavericks are 2-25; the Suns are 23-5. "Where's this team that I've been hearing about that gets beat every night?" said the Phoenix coach, Paul Westphal. "I thought they played hard and we couldn't grind them down with our bench. I'm real glad to get out of here with a win."

West since falling to Santa Barbara, 78-70, on Feb. 26, 1990. The Runnin' Rebels were barred from the Big West and National Collegiate Athletic Association tournaments last season because of NCAA probation.

Eric Gray scored 33 points for UNLV (6-1, 2-1). Ken Gibson's 3-pointer capped an 11-0 run that put the Rebels ahead 77-76 with 8:08 remaining.

But the 49ers took the lead for good seven seconds later on Rod Hundl's two foul shots. Bryon Russell had 33 points and 11 rebounds and Lucious Harris had 25 points for the 49ers (9-1, 2-1).

"There's not a bad player on our team, but our kids stepped it up and played up to our capabilities," said the Long Beach State coach, Seth Greenberg.

Long Beach beat UNLV for the first time in 11 games, and for just the second time in 26 tries. The 49ers are off to the second-best start in school history—the 1972-73 team began with 11 straight victories under Turkman, who left after that season for UNLV.

No. 3 Michigan 80, No. 9 Purdue 70: Juwan Howard scored eight points during a 17-4 spree that led Michigan past Purdue at West Lafayette, Indiana.

Howard's basket started the spurt and put the Wolverines ahead for good at 63-62. Chris Webber scored 16 of his 22 points in the second half for Michigan (11-1). Glenn Robinson scored 30 for the Boilermakers (9-1).

No. 6 North Carolina 100, North Carolina St. 67: Donald Williams had 23 points and George Lynch 21 as the Tar Heels posted their second-most lopsided victory in the 179-game intrastate rivalry.

North Carolina, which lost twice to the Wolfpack last season, came out running and led by 21 points at halftime. The Tar Heels (11-1), who lead the nation in shooting, shot 59 percent in the first half.

North Carolina State (3-5) lost starters Donnie Seale and Chuck Korngay and a reserve before the game when they were declared academically ineligible. The game in Raleigh was the Atlantic Coast Conference opener for both teams.

No. 20 Arizona 82, No. 15 UCLA 80: Ray Ows made two foul shots with 13 seconds left and Arizona beat the Bruins in Los Angeles.

Ed Stokes made one free throw with 21 seconds left to tie it for Arizona, but missed the second. The Wildcats got the rebound, however, and Ows was fouled in the lane. Ows previously had made just 9 of 20 free throws.

Chris Mills scored 27 points for Arizona (6-2). Ed O'Bannon scored 29 for UCLA (9-3). It was the Pac-10 opener for both schools.

No. 16 Cincinnati 64, Massachusetts 53: Nick Van Exel hit 7 of 10 shots from 3-point range and finished with 27 points as Cincinnati won at Springfield, Massachusetts.

The Bearcats (8-1) have won five straight games, and Van Exel has made 22 of 47 3-pointers in that span. Mike Williams scored 15 points for the Mountmen (6-3).



As UMass's Dana Dingle went up, the ball went down—as did Dingle's team, falling to Cincinnati.

49er Fear and Loathing Redux? Skins Say No

By Ken Denlinger

WASHINGTON — The search for clues about Redskins' strategy against the 49ers on Saturday starts with the man most familiar with both teams. And that man, Matt Millen, said, "No, I, the Redskins aren't afraid of that offense the way they were when Montana did it."

Millen was a 49ers inside linebacker when the teams met under similar playoff circumstances two years ago in Candlestick Park. That day Joe Montana completed 22 of 31 passes for 274 yards and two touchdowns in a 28-10 victory.

With the Redskins last season, Millen was a run-support middle linebacker who missed the playoffs and Super Bowl victory over Buffalo because each opponent emphasized the pass. He was a television analyst this season.

The Redskins and 49ers are like most successful teams. Turnover on the overall roster has been heavy from two years ago, but the number of starters who have held their positions is high.

On the 49ers offense, eight regulars return. Steve Young replaced Montana—and was the most valuable offensive player in the league this season. Running back Ricky Walters gained more than twice as much yardage this regular season as Roger Craig did in 1990.

Another significant, though less noticed, difference in the 49ers offense has been at tackle. Steve Wallace has moved from right to left, replacing Bubba Paris. Right guard Harris Barton has assumed Wallace's old spot. "No team has two better tackles than the 49ers," said an NFL scout. About the running backs, the scout said: "Walters is a slasher, like the Giants' Rodney Hampton, who ran so well against the Redskins earlier this season. Except he's faster—and more exciting to watch."

Scouts suggest the Redskins might defense Young

as they have Philadelphia's Randall Cunningham. They say Young is not inclined to run as quickly as Cunningham is, because his blockers are better.

"If Young was 26 instead of 31 and I was starting a new franchise," the scout said, "he'd be my build-around player, the one I'd take first. But this might be the first time ever when the Redskins wouldn't want the backup in the game."

Millen said that "Monte Coleman is going to be a big piece of the puzzle." That's because 49ers tight end Brent Jones is a superior pass receiver. His average

quick score. Make 'em work the whole way down the field."

As another scout put it: "Make 'em score slow, so they're helping you win. They're so good at getting into a rhythm with the passing game. How you stop that is to change up on your coverages."

The Redskins offense against the 49ers, most scouts agree, will eventually boil down to whether quarterback Mark Rypien finds the strike zone. As always, Rypien will need help.

Scouts—and statistics—indicate that the 49ers' defensive weakness is the secondary. The 49ers have allowed an average of 50 more passing yards per game than the Redskins. That may be misleading, because 49ers opponents often have been far behind—and forced to throw.

"San Francisco's defensive line as a group, regulars and backups, is the best in the NFL," said an NFL scout. And he said Keith DeLong and Bill Romanowski "are as good as any linebackers around."

Of the front seven that faced the Redskins two years ago, only Millen and pass-rush specialist Charles Haley are gone. In Haley's position is Tim Harris, whose 17 sacks during the regular season were one more than Haley had in 1990.

"Harris used to not play hard," the scout said. "That's why Green Bay got rid of him. He's a changed player." The Redskins are hoping to get their wideouts into mismatches with the 49ers' secondary; if that happens, it probably will come the old-fashioned way, because they had been able to run effectively earlier.

"That defense is so disciplined," said Millen. "You almost always know where each player is. That works to Joe Gibbs's favor. He will find a way to run on it."

"All Rypien has to do is not throw the ball away," he added. The 49ers intercepted him three times two years ago. "If he plays like he did in Minnesota, the Redskins can win. If he plays like two years ago, no way."

Bills Face the Hungry Steelers For Dolphins, Marino Is Key to Stopping Chargers' Roll

New York Times Service

BILLS (12-5) AT STEELERS (11-5)
Key stat: Bills beat Pittsburgh, 28-20, at home in Week 10, and in playoff victory over Houston, receiver Andre Reed caught eight passes for 136 yards and three touchdowns; Steelers led NFL in takeaways with 43. Comment: Here comes Buffalo ready to make its historic victory over Houston become the stepping stone for more joy vs. Pittsburgh. But expect the Steelers to harshly slap the Bills back to reality. For the first time in two seasons, Buffalo is not at home in a playoff game and it meets a rested and hungry club. The Bills are also banged up—can Thurman Thomas

and Cornelius Bennett go full throttle?—and they have almost no chance without Thomas. The Steelers are favored by 2½ points.

CHARGERS (12-5) AT DOLPHINS (11-5)
Key stat: Chargers have won 12 of their last 13, shut out Kansas City last week and produced 51 sacks during the regular season and got seven more vs. the Chiefs. Dolphins committed more turnovers (34) than they gained (32) during the regular season, and kicker Pete Stoyanovich was 30 of 37 in field goals. Comment: Without injured linebacker John Ofterahl clogging the middle and roaming wide to run down ball carriers, Miami's defense could be in big trouble against the physical and steady San Diego offense. Who is going to consistently bring down big bruiser Marion Butts? Who will catch Ronnie Harmon in the flat? The Dolphins must turn these questions inside out, and Dan Marino and his receivers are the answer. Marino needs a superior game and one where he keeps the pressure squarely off his defense and on the San Diego defense. Bobby Humphrey at running back is a critical key. He is a wonderful pass catcher from the backfield and can cause serious matchup problems for the Chargers. Dolphins by 2½.

REDSKINS (10-7) AT 49ERS (14-2)
Key stat: Redskins say that 51 starters missed games because of injury this season, but most of the offensive line that has allowed only one sack in its last six playoff games is intact; 49ers rank 27th in pass defense, Tim Harris has a club-high 17 sacks and team has won five of six from Washington including three

straight by an average of nearly 18 points. Comment: Washington last battled the 49ers in San Francisco in the 1991 playoffs. Washington outgained San Francisco, 441 yards to 336 yards, but Mark Rypien threw two costly interceptions in the red zone that helped the 49ers win, 28-10. This game will offer an intriguing cat-and-mouse struggle of strategy by two of the league's premier coaching staffs. This is where San Francisco will win the game: with the return of receiver John Taylor from injury and with Joe Montana available if Steve Young can't get it done. 49ers by 9½.

EAGLES (12-5) AT COWBOYS (13-3)
Key stat: Eagles rank No. 2 in rushing yards per game (149.3), and in rushing yards per carry (4.6), and they have split the season series with Dallas in each of the last three years; Cowboys' Emmitt Smith rushed for 163 yards vs. Philadelphia in the last meeting and the Dallas defense led the league in fewest total yards allowed and in fewest rushing yards allowed. Comment: The Eagles were solid, poised and resilient in their playoff victory over New Orleans and will need all of those traits and more to topple the Cowboys. Eagles back Heath Sherman averaged 5.2 yards per carry during the season and he has emerged as a force. His low running style and persistent push toward the end zone has helped Randall Cunningham's play-fakes become more dangerous and has opened passing lanes for receivers Fred Barnett and Calvin Williams. Dallas starts with speed and ends with speed. Its 1-2 offensive combination of Smith and receiver Michael Irvin constantly applies pressure to a defense. A prize choice for the game-breaker in this matchup is receiver/returner Kelvin Martin. Cowboys by 6½.

NFL MATCHUPS

These NFL matchups were written by Thomas George of The New York Times. Odds were provided by Harrah's of Las Vegas.

NFL Playoff Picture

First-Round Games

NFC

- WASHINGTON REDSKINS 24, MINNESOTA VIKINGS 7.
- PHILADELPHIA EAGLES 36, NEW ORLEANS SAINTS 20.

AFC

- SAN DIEGO CHARGERS 17, KANSAS CITY CHIEFS 0.
- BUFFALO BILLS 41, HOUSTON OILERS 38.

Second-Round Games

NFC

- Saturday, Jan. 9: WASHINGTON REDSKINS (10-7) at SAN FRANCISCO 49ERS (14-2).
- Sunday, Jan. 10: PHILADELPHIA EAGLES (12-5) at DALLAS COWBOYS (13-3).

AFC

- Saturday, Jan. 9: BUFFALO BILLS (12-5) at PITTSBURGH STEELERS (11-5).
- Sunday, Jan. 10: SAN DIEGO CHARGERS (12-5) at MIAMI DOLPHINS (11-5).

Conference Titles

Super Bowl XXVII

- Sunday, Jan. 31

DENNIS THE MENACE



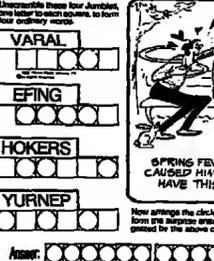
PEANUTS



CALVIN AND HOBBES



JUMBLE



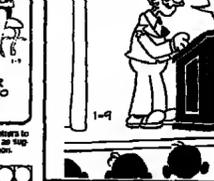
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DAVE BARRY

The Giant Pirogi

MIAMI — It's time for those amazing Canadians, the popular feature wherein we examine the activities of our friendly neighbors to the north.

As you may recall, when last we checked in on the Canadians, some of them were in a court of law in Ottawa, trying to induce a pirogon to crawl into a toilet. At the time we thought this was unusual, but we now realize that luring snakes into commodes during judicial proceedings is fairly NORMAL by Canadian standards. We base this statement on several news items we received from alert reader Marylu Walters, who lives in Alberta, which is one of Canada's provinces (the other one is "Berice").

These news items, from the Edmonton Journal, concern the small Alberta town of Glendon, where there is a popular food item called the pirogi, a kind of dumpling that can be stuffed with various foods such as cheese or sauerkraut. Pirogis are very popular in Glendon, a fact that gave the mayor, Johnnie Doonan, an idea. See if you can guess what his idea was.

(Pause while you think up a pirogi-related idea.) O. K. Did you guess that Mr. Doonan wanted to market an electric pirogi-maker? Or hold a pageant to crown the Pirogi Queen? WRONG. That kind of limited thinking shows why you're stuck with whatever dead-end hairball job you have, while Johnnie Doonan is mayor of Glendon. His idea was — we are not making this up — to build THE WORLD'S LARGEST FIBER-GLASS PIROGI. And he did it too, by raising 62,000 Canadian dollars via private donations and a grant from the province government. According to the Journal, the giant pirogi is "almost nine meters high" and "weighs roughly 2,700 kilograms." Converting these figures from the Metric System to the Normal Human System... let's see, we lose the decimal over and divide by the cosine... we see that this is a large pirogi. There's a color photograph of it in the Journal. It looks sort of like a mammoth white leech, except that the designers put it on the lines of a huge upstitch steel fork, so that onlookers would realize that it is in fact a tasty food item. The purpose of the pirogi, of course, is to attract tourists. "Hey,

Marge!" potential tourists as far away as Mobile, Alabama, are probably remarking at this very moment. "There's a giant fiberglass dumpling up in rural Canada! Pack your suitcase!"

And that explains another Journal news item that Marylu Walters sent us. This one concerns the small Canadian town of Andrew, which recently, with the help of a provincial tourism grant, installed — get ready — the world's largest fiberglass duck. The Journal says it has a wingspan of 7.2 meters and weighs "one tonne," which is how you spell "one ton" in metric. The story quotes Town Manager Albert Holmboich as saying that the residents chose the duck as their symbol because Andrew is near a duck sanctuary. "It was either the duck or a chicken," he says, "but a chicken has no connection or bearing to the village."

We certainly agree with that. A giant chicken would be ridiculous. But what we're concerned about is this: Suppose some tourists happen to find themselves exactly halfway between Andrew and Glendon. One side of them would be attracted by the giant duck, and the other side would be attracted by the giant pirogi, and they could literally explode right there on the spot, causing severe damage to the wheat crop.

And there's another recent Canadian development we feel you should know about. Many alert readers have sent us an Associated Press report that begins as follows (we are still not making this up): "VANCOUVER, British Columbia — Female snails in certain polluted coastal harbors have been turning into males and growing penises, a researcher says. Snails undergoing the change, which some scientists think is caused by fin-based contaminants in the water, have been found almost everywhere University of Victoria biologist Derek Ellis and his colleagues looked for them."

We're sure this alarming development is wreaking havoc in the snail community. A guy snail comes home from a hard day of sliming around, hoping to have an intimate moment with his mate, but when she finally takes off her shell... YIKES!

Knight-Ridder Newspapers

A Cultural Clash in the Arizona Desert

By Joan Dupont

PARIS — Three years ago at the Cannes Film Festival, Emir Kusturica was walking around in a fog. After his 1985 Palme d'Or for "When Father Was Away on Business" — a satire of life under Tito — he had again been named best director, for "The Time of the Gypsies."

The director from Sarajevo, looking pale, scruffy and a bit groggy, spoke haltingly in English: "When he searched for a word, it looked as though he might not make it through the sentence. Milos Forman had found him a job teaching cinema at Columbia University, and he was facing the West with courage and some trepidation. Kusturica today has only the accent of his origins, a cool rocker who wears his long hair clean, black jeans and a leather jacket, walks like a cowboy, talks like a New Yorker and laughs when he remembers his precarious English a few years ago: "I probably have a good ear, like a lot of Slav people, and I'm musical," he said.

Of course, the transition wasn't all smooth. His latest film, "Arizona Dream," French produced and shot in Alaska, New York and the Arizona desert, turned out to be one of those extreme travails and led to a three-month production standstill. When it resumed, his country was at war; 15 days after he finished, his father died. "The most important thing for the director is to finish your movie," Kusturica said, "it's important for your health, your life and spirit."

"Arizona Dream," which opened in Paris Wednesday, is a tragicomedy, as far from Hollywood as you can get, inspired, he says, by J.D. Salinger's "The Catcher in the Rye." It is Kusturica's personal vision, a profoundly European view of the failure of the American Dream: "America likes winners, but the losers interest me more. Hollywood movies strive for naturalism, they look at the face of things; by showing people's dreams, I want to show what's inside them."

The film opens in Alaska with a boy's dream of a giant fish floating freely through space. "It's a childish imagery," he said, "about being squeezed between two loves. One represents pure spirit, but he chooses the crazy childish woman who wants to fly. She gives him sexual experience." Johnny Depp plays the lead opposite Faye Dunaway as the crazed flying woman, with Jerry Lewis as a wacky Cadillac salesman in the desert. Although he refers to Salinger and cites Richard Ford and Raymond Carver as writers who have "an existential way of looking at things," Kusturica is aware that making a movie is not like writing a book, and that making a European film in the United States was treacherous on dangerous ground. From Louis Malle to Win Wend-



For Emir Kusturica, the most important thing is to finish the movie.

ers, and, recently, Ridley Scott, European directors who fiddle with the American dream have had their knuckles rapped. "Americans get frightened by the European existentialist view. Their movies need to be connected with the Hollywood machinery," said the director, who believes that in 100 years when people look for artifacts to see what life was like in this country, they will go to see a Wenders or a Cassavetes film, rather than "Bodyguard."

"But because I'm not American, it was very difficult," he said. "My approach through the dream was because I was afraid to make a realistic American movie; most European directors do that and they don't do it very well."

Filming in the desert fast became a nightmare. Kusturica was up against an alien system, capricious stars and a crowd of insurance executives circling in like so many buzzards cawing "time is money." His method of working — several takes "to get the actors to feel good and to play good" — brought him to a deadlock with the American line producer. "If you want to make Faye Dunaway fly, you have to pay more insurance; if the

line producer doesn't warn you that Faye Dunaway has to be rigged to the tree after the plane crashes and it takes six hours to do this... he shook his head. "There were so many things, and I realized, oh man, I have to make this movie function. If I lose six hours, day after day, then the movie is lost."

In June 1991, production was stopped by the completion-board company: "They didn't believe in the European director and producer; they didn't feel comfortable with the European mind."

Kusturica went home to Sarajevo, in shock: "I just stayed home reading and playing soccer, regenerating." When shooting started up, with a new line producer, the second part was done without further delay, "not a dollar over," he said fiercely.

Now he is willing to forget the months of suspense, the daily three-hour wait for Faye Dunaway to make up, the six hours it took to rig her up. "I believe I did a strong ensemble movie, and the actors were thrilled and pleased to work that way. American actors are the best part of the industry," he said, "they can do miracles. I try to get the highest

energy from my actors and from the music, because I consider music live as well." Kusturica has worked with composer Goran Bregovic from the beginning of his career; he has also, between films, played in a rock band. His first feature, "Do You Remember Dolly Bell?" (1981) was about Yugoslavian teenagers lapping up Western pop culture.

"I was part of the generation connected to the new stuff, from rock 'n' roll to soccer and movies. My dream is to move things, to change the form of existence. I don't know where that comes from, but it's a need for freedom," he said.

A Bosnian Muslim, he does not think he will ever return to his country. "In my hometown of Sarajevo, they accused me of siding with people who were destroying my city. Because I said that we had to find a solution with the Serbs some Muslims accused me of being on the Serbian side. My strong feeling for Yugoslavia and my film career going so high made people nervous."

He feels that no matter how bad things are inside the country, the world community has not helped: "When I see CNN doing history up front, I don't believe them at all. It's selective humanism, not the humanism I feel." He does not feel Muslim, either, he said, because he can't accept the idea of a Muslim nation. "I'm affected by orientalism. I have a certain poetic fatalism, but I also have Jewish blood from my grandmother."

He sees his father, a journalist who worked for the Bosnian government, as "a victim of the war." "Spiritually, he couldn't survive," Kusturica said. "It was too hard to fight for Yugoslavia and to see the devastation. I dedicated my film to him."

For the moment, the director plans to live in Paris, teach in New York and make more European films with American actors. He talks about casting Johnny Depp as Raskolnikov in "Crime and Punishment," shooting, once again, as far as possible from the Hollywood machinery.

"Living in America, I discovered a lot of lonely, unhappy people," Kusturica said. "You never see them in the movies — not that the movies lie, but they glamorize and they're alienated from the life people live today. I don't see the American Dream functioning, but that's probably my subjective view. If you go to middle America, they wouldn't even listen to me; they would be very angry. And I doubt that they could be very happy with this movie. But the country is becoming more internationalized, so these pieces from European directors may find a place. We fight mortality by making our own movies."

Joan Dupont is a Paris-based writer specializing in the arts.

PEOPLE

Stamping Out Elvis: 500 Million to Start

The long-awaited 29-cent Elvis Presley stamp went on sale just after midnight Friday in Memphis at a half-dozen mobile postal stations across the street from Graceland, and hundreds stood in a drizzle on what would have been Elvis's 58th birthday to buy it. The stamp, with an initial printing of 500 million, went on sale at all U.S. post offices a few hours later. The U.S. postal service is a relative latecomer in the race to cash in on Elvis's likeness, however. At least 13 other countries and territories have put Elvis on their stamps.

President François Mitterrand paid homage Friday to the Russian-born ballet star Rudolf Nureyev, who died Wednesday in Paris at the age of 54. "France owed a great deal to this exceptional artist who, for seven years from 1982, managed the Paris Opera Ballet," Mitterrand said in a statement. On Tuesday, Jack Lang, France's education and culture minister, will deliver a eulogy in a private ceremony. Nureyev, who died of cardiac complications apparently related to AIDS, will be buried in the Saint-Genevieve-des-Bois cemetery near Paris.

Princess Margaret, 62, has been discharged from a London hospital where she had been treated since Sunday for pneumonia.

The Audubon Theatre and Ballroom in Harlem, where black activist Malcolm X was assassinated in 1965, will be torn down. New York's highest court refused to hear an appeal by those trying to save it.

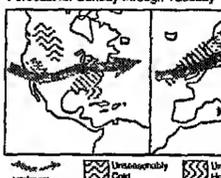
Connecticut State Police have questioned Woody Allen concerning allegations that he sexually molested his 7-year-old adopted daughter, Dylan Farrow, it was disclosed Friday. A spokeswoman for State Attorney Frank Maco said Allen was interviewed in Litchfield at length Thursday by three investigators. Allen was accompanied by two attorneys.

INTERNATIONAL CLASSIFIED Appears on Pages 4 & 7

WEATHER

Table with weather forecasts for Europe, including High, Low, and Wind for various countries like Albania, Armenia, and Austria.

Forecast for Sunday through Tuesday



North America: Very stormy weather will continue from the central and northern British Isles to southern Scandinavia. Sunday into early next week, heavy rain will be accompanied by 50 to 60 mph winds. London to Paris will be windy with a few showers. Central Scandinavia will have heavy snow.

Asia

Table with weather forecasts for Asia, including High, Low, and Wind for cities like Bangkok, Bombay, and Hong Kong.

Africa

Table with weather forecasts for Africa, including High, Low, and Wind for cities like Algiers, Cape Town, and Cairo.

Latin America

Table with weather forecasts for Latin America, including High, Low, and Wind for cities like Buenos Aires, Caracas, and Lima.

Orthographer's Holiday By June A. Boggs

- ACROSS: 1 Die Fater, 6 Pulled, 11 Neighbor of Silver Springs, 16 Quagho, 20-Har Kings/Hare lipp'd... Slak, 21 Blender/yield, 22 Byton natives, 23 Madrid's Fifth Ave., 24 Loft members', 26 Band, 27 Arrested, 28 Spotted cavy, 29 Luke in 'The Dukes of Hazzard', 30 Soggy, Soggy Nino, 31 Giant grass, 32 Sperc was jailed here, 34 That's a fact, 36 Rural apothecary?, 38 Coppers, 106 Sediments, 108 Cooper's tool, 42 A faja is ore, 43 Influence, 46 Colleague of an alim, 49 Day of Holiday, 52 ... right? Pope, 56 Independent org.: 1935-55, 57 Climbing palm, 58 Galvanize, 60 Region surrounding Athens, 62 T. Gray opens, 64 Outdoor storage fee, 67 Bon ton, 69 Mess, enjambré, 70 Astrolabe plate, 71 Light-footed, 72 The Devil, 74 Statesman, 75 Middle—of India, 76 Inner tubes, 78 Missile housing, 80 Yemeni seaport, 81 Rhythnical, 82 Ellis, 84 Snug apparel, 86 Advocating, 87 Scented, e.g., 88 Folkways, 90 Type of jerk, 92 Tower, 94 Exploded, 97 Dishonor, 98 Department, 99 N plus ultra, 102 Jewish mouth after Av, 103 Sheriff's asst., 104 Benitico, to, 106 Lematia, 108 Cooper's tool, 109 Clincher's collector, 111 Cafeteria item, 113 Site of Kinabalu, 116 Evade, 118 Phoenix neighbor, 117 He directed "Never on Sunday", 119 Start of a 1936 best seller's tide, 120 Orison, 122 Sully, 124 Dramatist de Vega, 126 Knockabout, 128 Doctor Bubbles?, 133 'The Myth of Sisyphus' author, 138 Transport: Var., 140 Skirt, 141 Was babbling, 143 Divagate, 145 Kyushu seaport, 146 Clams, in Calais, 147 Paravane, 148 Like an imperial interior?, 150 Stage curtain, 151 Former defense, 152 Umbrette's relative, 153 Watch, 154 Actress in 'The Film Fan Movie', 155 French pronoun, 156 Israeli ambassador to U.S.: 1952-83, 157 'Street ...', Elmer Rice play, DOWN: 1 Arctic seals, 2 All of — (abruptly), 3 Bangladesh's capital, old spelling, 4 Upgrade, 5 'Naked Justice's monogram, 6 Pululate, 7 Zebu feature, 8 Attendant on Artemis, 9 Income for Julio, 10 Clear, 11 Overlooked Polyanthus?, 12 Bulbous stem base, 13 Standoffish, 14 Soprano Mitchell, 15 Hymn, 16 Scrooge's clerk, 17 Hawaiian veranda, 18 Colliery outcrops, 18 'Haystack at Gidyeon's palace, 23 Indonesian boats, 25 - Girl Just Like ...: 1911 song, 30 Charge opener, 33 Disparage, 35 Son of 16 Down, 37 He opposed Gronostis, 39 Ravi Shankar's companion, 41 Code word, 43 Harsh, 44 Plumber, at times, 45 Enemy snake?, 47 Martin and Astor, 48 Song from 'A Chorus Line', 50 Lustrous, 51 Adorned, 53 Pine strategy?, 54 — for 'nobody': Burns, 55 Toledo toast, 58 Similar to a common cornucopia?, 61 Alley target, 63 Styles, kinds, 65 Not at all, in Oahu, 60 Insects' tongues, 68 Be acquainted with Frosty?, 71 Address film: 1956, 73 Space Age acronym?, 76 Island also called Rapa Nui, 77 City in N Italy, 79 — natter, sweeter maiden ...: Kipling, 83 Represents, 86 Kringle's burden, 87 Churchillian sign, 88 Palindromic title, 89 Cornucopia, 91 Voyeurs, 93 Gaseous element, 95 Colored flare: Var., 96 Deride, 99 Lopsided perisodicy?, 101 Kippers berring, 105 Sanskrit or Hindi, 107 Nigerian native, 108 He painted 'Seas Cathedral', 110 Almoody confection, 112 Be volutudinarian, 114 Name source, 117 Fatty, 119 Bijou, 121 Voiceless, 122 Health-care personnel, 125 Highwayman, 127 Ascertain, 128 Mortiferous, 129 A base of bone turquoise, 130 Power role in 1940 film, 131 Soviet workers' cooperative, 132 Province in South Africa, 134 Gentleman of the Black Book, 135 Flawwood measure, 137 Aris, 138 Fressed at the headstone, 139 Punch drinker's essential, 142 Place for a cassette, 144 Black Sea feeder, 148 An arm of H.U.D., 149 Hoop feeders

BOOKS

MAQROLL: Three Novellas

By Alvaro Mutis. Translated from the Spanish by Edith Grossman. 304 pages. \$20. HarperCollins.

Reviewed by James Polk

WHO is this Maqroll, with "his penchant for vague undertakings," and his strange love of medieval history? Sometimes he appears a rootless adventurer, sometimes a bit of floss, cast out by the currents of history. Yet there is something more, before getting into his story, we meet a scholar searching out the details of this mysterious life, possibly for a biography. Why? It takes the whole book to figure that out.

Alvaro Mutis, a Colombian novelist now living in Mexico, to keep us guessing. Why else would he give the man such an odd name, and why the unexplained nickname "The Gavero" (the lookout)? What is he looking out for? In none of these three roughly sequential novellas are we sure; it is a tribute to the author's talent — and to Edith Grossman's translation — that in all of them we keep wondering.

We first meet Maqroll in "The Snow of the Admiral" as he struggles upriver on a barge. His purpose is to buy lumber from sawmills near the headwaters of the Xurando and sell it to military posts being backed out of the jungle on the way downstream. That the lumber can be purchased and that there really is a need for it is more assumption than fact. This vague scheme is concocted

from a rumor overheard by Maqroll and his sometime lover, Fier Estevez, without assurance that either the sawmills or the bases actually exist. But for Maqroll, the less certain the goal the more appealing the chase: "These decisions that are wrong from the start... constitute the story of my life."

Though lacking an omnipresent sense of dread, the novella carries its own cargo of angst. In "Itona Comes With the Rain," Maqroll unexpectedly meets up with another of the women from his past who seem to give temporary direction to his unfocused life. In the final novella, "Un Bel Morir," we return to the river and the jungle. Unlike the others, which are told in Maqroll's own voice, "Un Bel Morir" is written in the third person and reads much like a typical thriller. There are an-

buses and betrayals, schemes and counter-schemes, and, for a change, good and evil are delineated. Why does Mutis shift gears so abruptly? Clearly, he wants to leave us with a final picture of his protagonist taken from the outside. Seeing him whole like this, we can better understand what it is "The Lookout" has been looking for all along. Like the rest of us, he only seeks some corner of the world where he can say he belongs.

Does he find it? That, too, is almost beside the point. The search is what this complex man really cares about; it is also what makes his strange story worth hearing.

James Polk, who writes frequently about Latin American culture and literature, wrote this for The Washington Post

Speed up the approval process.

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